







UMJINDI
Local Municipality

The gem of the Lowveld, a preferred destination for all.

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LIST OF ABBREVIATIONS/ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
BATOBIC	Barberton Tourism and Biodiversity Corridor Programme
BCT	Barberton Community Tourism
CBP	Community Based Planning
CDW	Community Development Worker
CFO	Chief Financial Officer
COGTA	Cooperative Governance and Traditional Affairs
CSR	Corporate Social Responsibility
DME	Department of Minerals and Energy
DWA	Department of Water and Environmental Affairs
EDM	Ehlanzeni District Municipality
ESKOM	Electricity Supply Commission
ERO	Environmental Research Information System
EPWP	Expanded Public Works Programme
EQ	Equitable Share
GRAP	Generally Recognized Accounting Procedures
GAMAP	Generally Accepted Municipal Accounting Practices
GDP	Gross Domestic Product
GIS	Geographic Information System
HIV	Humane Immune Virus
HR	Human Resources
HRD	Human Resource Development
HRM	Human Resources Management
HTA	High Transmission Area

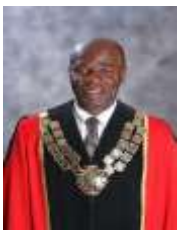
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ICT	Information and Communication Technology
IT	Information Technology
IDP	Integrated Development Plan
ISF	Integrated Spatial Framework
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LLF	Labour and Local Government Forum
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MOU	Memorandum of Understanding
MPCC	Multi-Purpose Community Centre
MSA	Local Government Structures Act
MSA	Local Government Municipal Systems Act
NEMA	National Environmental Management Act
NSDP	National Spatial Development Perspective
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
PMTCT	Prevention of Mother to Child Transmission
PRUDS	Mpumalanga Provincial Rural and Urban Development Strategy
RED	Regional Electricity Distribution
RDP	Reconstruction Development Programme
SEDA	Small Enterprise Development Agency
SMME	Small Medium Micro Enterprises
SDF	Spatial Development Framework
SWOT	Strength, Weaknesses, Opportunity and Threat
ULM	Umjindi Local Municipality
UMDA	Umjindi Development Agency
VCT	Voluntary Counseling and Testing
WSDP	Water Services Development Plan
WPSP	White Paper on Strategic Planning
WSP	Workplace Skills Plan

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CHAPTER ONE

COMPONENT A: MAYOR'S FOREWORD



Umjindi local municipality is the foundation for democracy for our people; it is striving to be a sphere of government that shall give a translation to the ruling party's manifesto of a better life for all and its program of building better communities. Our mandate is derived from the constitution of the Republic of South Africa and our local government manifesto, which places an obligation to our municipality to provide and deliver quality service to our communities without failure.

The service delivery protests that occurred in other municipalities before our local government election has given the ruling party an opportunity to revolutionaries' the nomination process of councilors to be deployed by subjecting them to community scrutiny and approval. Even though there challenges in service delivery in our municipality, we were humble by the patience and tolerance displayed by our people by not embarking on service delivery protest. This has motivated the municipality to gear up its delivery of services as determined by the community.

During the latter part of the year under review (March 2012) the municipality was able to fill all the vacant posts of senior management namely: CFO, Director Corporate Services, Director Community Services and Director in the Office of the Municipal.

Through the collective political leadership and that of the accounting officer, we have been able to respond to these challenges very decisively and effectively and manage to develop a turnaround strategy as per the AG'S report and governance matters that will enable the municipality to be compliant and work towards operation clean audit for the next financial year.

The department of co-operative governance and traditional affairs as a single window of coordination together with the district municipality has provided us with valuable support enabling us to discharge our service delivery mandate efficiently and effectively.

We are confident as a municipality that we shall fulfill the mandate given to the ruling part by our communities to change their live. The Honorable premier DD Mabuza has called all municipalities in the province to move away from the culture of non-spending of MIG funding and to stop roll over monies that are supposed to be used to develop infrastructure for service delivery, whilst our communities does not have access to basic services. This has become a priority of this

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municipality.

We are aware that there are many challenges in meeting the social needs of our people, however our municipality as a collective and coherent institutional management will address the social distances of our community and the strategic strides that have been developed will assist in achieving better lives for all our people.

Collectively the political and administrative leadership of this municipality commits itself to work timeously in addressing all service delivery shortfalls that our communities are experiencing presently.

Cllr L.V. MASHABA
EXECUTIVE MAYOR

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COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

During the year under review, Umjindi Municipality had continued to experience serious financial constraint which resulted in the slow pace on the implementation of capital projects and some capital projects not being implemented at all. The grant funding received assisted the municipality to develop infrastructure projects that were linked to service delivery such as water provision, electrification, roads and stormwater.

The municipality has managed to meet its obligation in spending the Municipal Infrastructure Grant and Electrification Grant Funding in refurbishing the water provision infrastructure (Replacement of AC pipes with PVC & HDPE pipes phase 4) and construction of water and sanitation infrastructure at Ext 14, construction of roads and storm water at Ext 6, 10, New Village and Dindela, electrification of Verulam phase 2, Lindokuhle, Phola Park, part of Emjindini Trust and Dixie farm.

There was a slightly improvement in the cash flow of the municipality due to the implementation of the Revenue Enhancement Strategy and revamping of the Debt Collection Unit.

The Municipality has continued to make a difference in the lives of the people of Umjindi by responding to the needs of the community in a strategic and holistic manner. The effective involvement of ward committees and the community in the affairs of the municipality made it possible that the critical needs of the community to be addressed in the midst of the financial constraints.

One of the millennium development goals of government is to: Eradication of Informal housing settlement through proper housing programme. For the past two years the municipality had embarked on the programme of formalizing all its informal settlements. The municipality is currently busy completing the formalisation of Sheba Siding which is long outstanding due to land ownership. The municipality will now provide basic services that are needed most by the community such as electricity in two phases due to financial constraints. The municipality has carefully prioritised the projects that address the needs of the community through the IDP Representative Forum which comprises of Councillors and various stakeholders in the community,

Sector Departments and municipal officials.

The participation of Councillors, ward committees, various stakeholders in the community and government departments and municipal officials made it possible for the municipality to have successful IDP review process for 2011/2012. The administration has remained accessible to the community and is committed to better service delivery innovations. The municipality has embarked on negotiations with the local mines to start to play their social responsibility role in funding some of the IDP projects in a meaningful way.

The support and commitment received from the Executive Mayor, Speaker, Member of Mayoral Committee, Councillors, Managers and staff is well appreciated.

Mr D P MSIBI
MUNICIPAL MANAGER

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1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

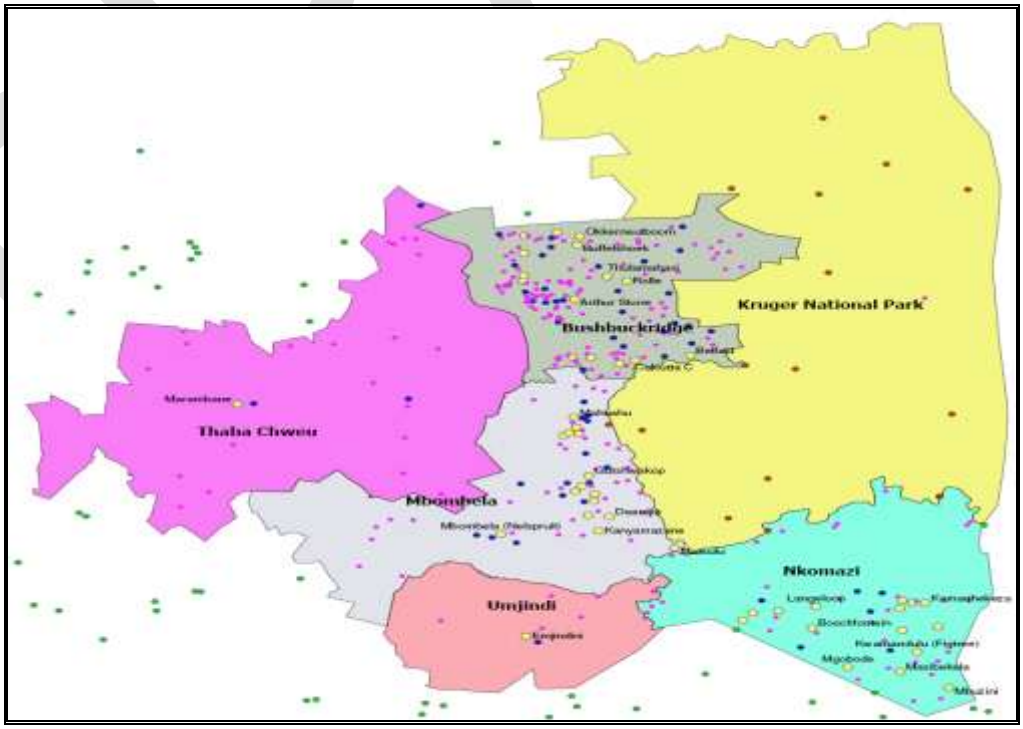
Umjindi is situated in the south-eastern part of Mpumalanga on the escarpment. The Municipal Area forms part of the Ehlanzeni District Municipality together with Nkomazi Local Municipality, Thaba Chweu Local Municipality, Mbombela Local Municipality and Bushbuckridge Local Municipality. The only town in the area is Barberton. Neighbouring Municipal Areas within Mpumalanga are Mbombela, Albert Luthuli and Nkomazi Local Municipalities. The neighbouring country bordering the Municipality is Swaziland. The total size of the Municipal Area is 174 771ha.

Umjindi Municipal Area is situated within the following geographical co-ordinates on the Lowveld Region:

Latitude 25:47 South
Longitude: 31:03 East

Distances to main centre and surrounding towns are as follows:

Johannesburg: 380 km
Pretoria: 366 km
Nelspruit: 45 km
Kruger National Park: 79 km
Maputo, Mozambique: 180 km
Swaziland border: 32 km



- Umjindi within the Ehlanzeni District

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Population:

The population census of 2001 provides a platform for district level analysis as it provides individual level and household level information. In the same vein, the 2007 community survey allows for comparisons of changes in the 5 to 6 year period, on key national and provincial indicators.

An exponential growth of 1.97% was estimated between the period 2001 and 2007. This growth rate was then applied to the population of 2007 (launch year) to project forwards.

Age and sex structure

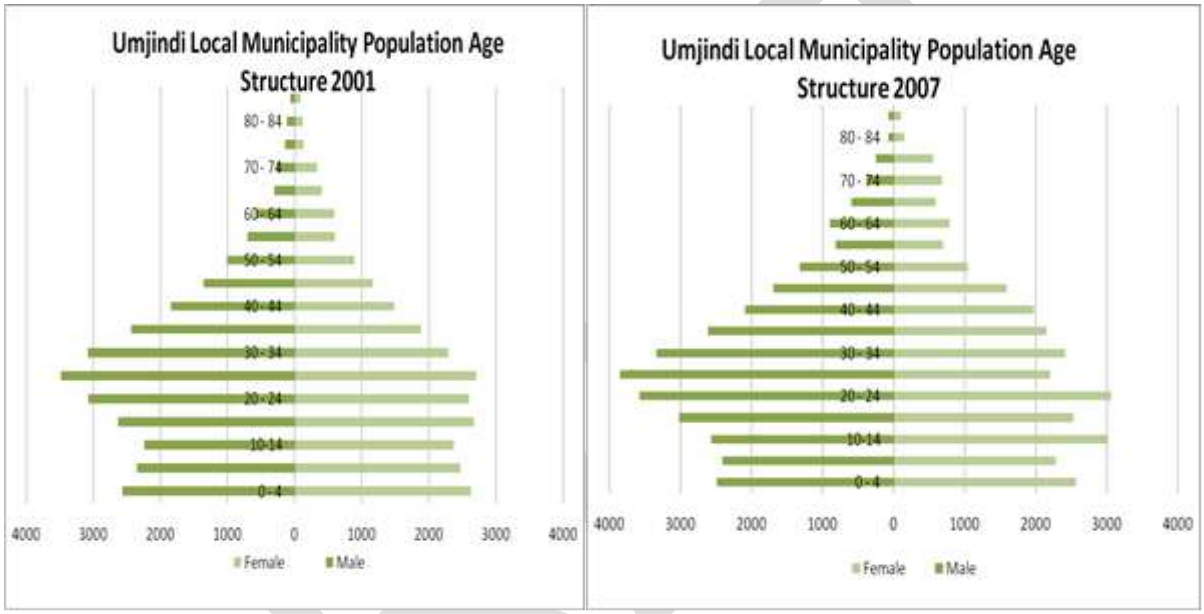
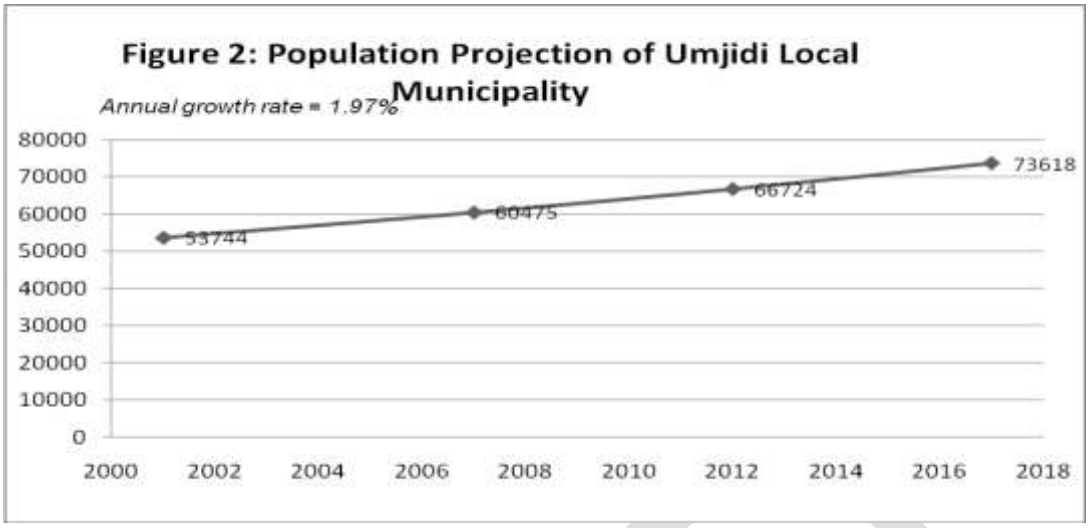


Figure 1: Age and Sex Structure of Umjindi Local Municipality between 2001 and 2007

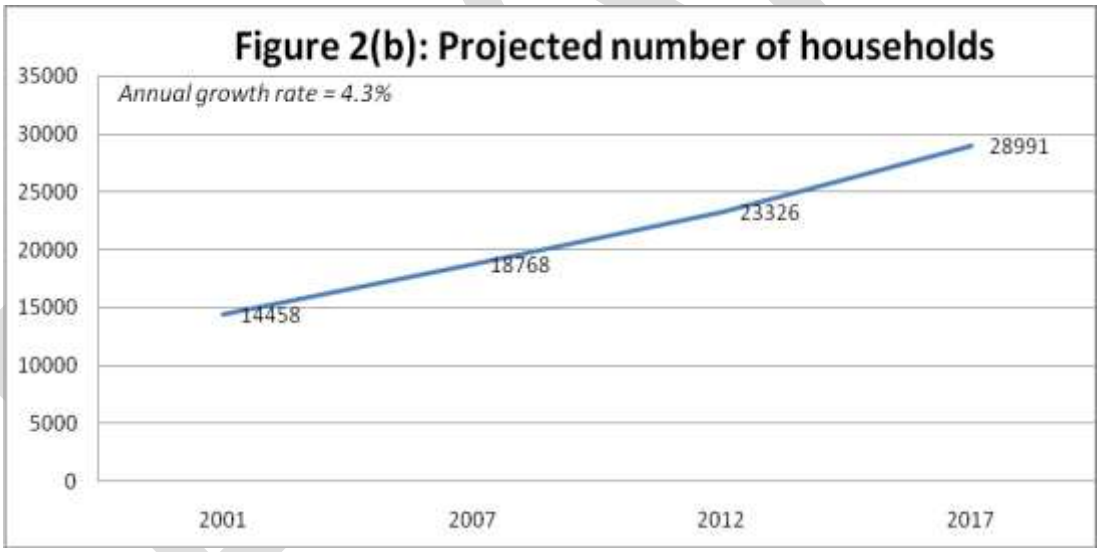
The age and sex structure of the population is a key determinant of population change and dynamic. The population of Umjindi municipality shows an atypical age structure of larger population concentration between ages 15-14 compared to the younger ages. The male population is also higher than female population between ages 20 to 45, which is also unusual. Such an age structure is observed in population that attracts migrants due to lucrative employment opportunities.

Projected population growth

The population of Umjindi local municipality from the census count of 2001 was 53,744 persons, and it increased to 60,475 persons based on the estimates from the 2007 Community Survey. This implies an annual growth rate of 1.97% between the 6 year period as indicated in figure 2 below. If one applies this growth rate over-time, the projected population of the local municipality is expected to be 66,724 by 2012 and reach 73,618 in 2017.

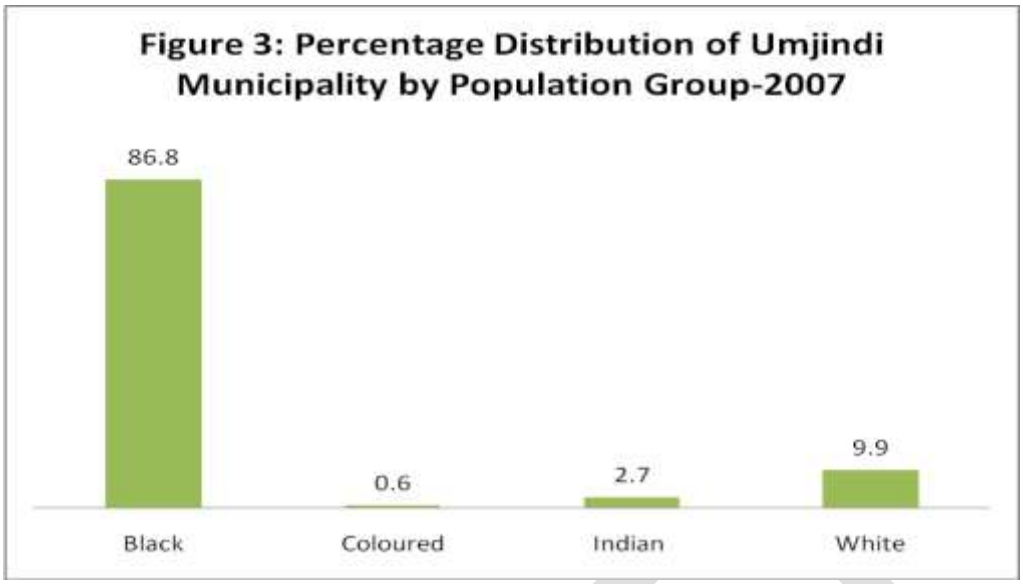


The number of households in Umjindi municipality is presented in Figure 2(b). The number of households in the municipality grew by 4.3% from 14,458 to 18,768 in 2007. Assuming this growth rate, Thaba Chweu is expected to have 28,991 households by 2017. It is worth noting that the number of households is growing at a much higher rate than the population size in the municipality, which has implications on provision of household services overtime.



Population group

Figure 3 shows that the population of Umjindi local municipality was largely Black based on the estimate from the 2007 Community Survey. 86.8% of the population is Black while 9.9% were White. The Community survey estimated that 2.7% were Indian and only 0.6% were Coloured.



Employment

It is important for district councils to be able to provide employment opportunities for their economically active age group. Retaining this category of the population through employment is crucial for family wellbeing. The economic growth and development of employment constitutes an integral component of the Integrated Development Plan (IDP) of Umjindi municipality.

Figure 4: Employment status for persons 15 to 65 years old



Figure 8 above shows employment status of the population in the economically active group (15 to 65 years old).

The data in actual numbers is presented in the table below. The figure indicates that there has been a slight reduction in the percentage unemployed in the district between 2001 and 2007 for both males and females but a more observable reduction for females. About 40% of females were employed in 2001 compared to 55% males. By 2007, this increased to 49% for females and 68% for males. There were a high percentage of persons who are not economically active, particularly for females in the municipality. These are persons who are not employed and are not actively seeking employment.

Table A: Employment (Official Definition) [Person Distribution]		
Employed	22,097	17,901
Unemployed	5,016	6,400
Not economically active	11,183	12,990
Not applicable	22,180	16,453

Umjindi Economic Profile

The economy of the area can be divided into three main categories, namely primary, secondary and tertiary sectors. Each of these categories is further sub-divided into different economic sectors. These different sectors are defined as follows:

- Primary Sector
 - Agriculture
 - Mining
- Secondary Sector
 - Manufacturing
 - Electricity/Water/Gas
 - Construction
- Tertiary Sector
 - Trade
 - Transport/Communication/Storage
 - Financial & business services
 - Social services including Government Services.

The trends that are identified per sector over the time period are indicated in Table e It is stressed that the table presents both the trends in the production profile, i.e. the proportional contribution as well as the Rand value of the outputs of the different sectors at 1995 constant prices.

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Table B Trends in the Production Profile						
	Proportional Contribution			Rand value of outputs (1995 Prices)		
Sectors	1996-1999	1999-2002	1996-2002	1996-1999	1999-2002	1996-2002
Agriculture	↓	↓	↓	↓	↑	→
Mining	↓	↑	↓	↓	↓	↓
Manufacturing	↓	↑	↓	↑	↑	↑
Electricity	→	↓	↓	→	→	→
Construction	↑	↓	→	→	→	→
Trade	↓	↑	↑	↑	↑	↑
Transport	↓	↑	↑	↑	↑	↑
Finance	↑	↑	↑	↑	↑	↑
Comm services	↓	↓	↓	→	→	→

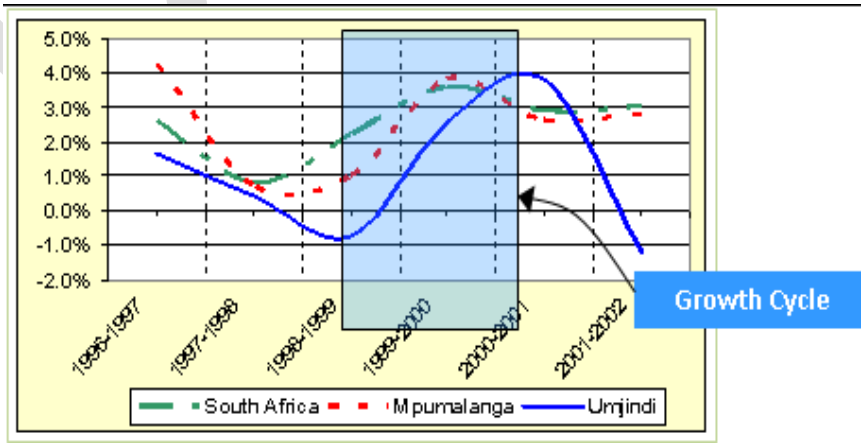
It is clearly evident that the most important sectors in the Umjindi economy are:

- Manufacturing
- Agriculture
- Community services and
- Trade

While it is evident that the majority of the sectors are expanding, the magnitude of the expansion is not revealed in quantifiable measures. The average annual growth rate achieved is an appropriate indicator of the magnitude of growth over a specific time period. The following sub-section presents the average annual growth rates for the various sectors over varying timeframes.

Growth Profile:

Figure 5 presents the business cycle of the Umjindi, Mpumalanga as well as the South African economies.



Source: Urban-Econ Calculations based on Global Insight

In general, the Umjindi economy follows a similar trend as both the national and provincial economies. However the movements are more severe in the local economy. During the 1998-2001 period, a growth cycle was experienced which was followed by a decline phase.

It is however not possible to determine at this stage for how long the down cycle will continue. However, as the national economy is currently in a moderate growth cycle, it is envisaged that the Umjindi economy should also be in an expansion cycle. The subsequent section investigates the local comparative advantages of the Umjindi economy.

Umjindi has comparative advantages within the following sectors:

- Agriculture
- Mining
- Manufacturing and
- Electricity

The trends in these sectors are important as it provides an indication of the future movements within the comparative advantages.

Agriculture	• The comparative advantage of this sector has remained relatively stable but has improved slightly in the medium term
Mining	• The comparative advantage of the mining sector has decreased significantly from 3.0 to 1.8. This implies that care should be taken to diversify the economy into activities which are unrelated to the mining sector in order to minimize the potential impact of external shocks (such as the recent strengthening of the Rand and the depreciation of the Gold price) on this sector on the aggregate local economy. • Presently, the sector is faced with a challenge of illegal mining which impacts negatively on the sector
Manufacturing	• The comparative advantage of this sector has remained stable
Electricity	• Similar to the manufacturing sector, the comparative advantage of this sector has remained relatively stable with only a slight decrease in the location quotient. • The specific characteristics and dynamics within each sector are discussed in a later chapter under the heading Sectoral Opportunity Scan and therefore, no further attention will be paid to the various sectors.

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Environmental Management

Recycling

At present recycling of the solid waste is being done at the Municipal Landfill Site by a group of old ladies. The ladies are fourteen in total and they recover paper, tins and bottles which they sell to a recycling company in Nelspruit. The Municipality is in the process of establishing a larger and more formalised recycling project which will minimise the amount of waste reaching the Municipal Landfill Site. The Municipality is engaging Buyisa e-bag and FMB Waste Management Services for assistance in this regard.

Street cleansing

A project to clean the Central Business Area of Barberton and Emjindini during night was implemented and seven temporary workers are employed. The cleaning of the area at night has such an impact that it will in future remain a priority project of the Municipality. The Municipality also has ten full time Street Sweepers employed in the Refuse Removal Section. These employees attend to the sweeping the residential areas but their number is sufficient.

Illegal dumping

In an effort to combat illegal dumping and littering the Municipality has instituted fines as well as regular cleaning campaigns and the marking of problem areas with "no dumping" signs. Bulk refuse containers are also placed in the remote areas which are difficult to access using the Refuse Compactor vehicles. The bulk refuse bins containers are well utilised but it has proven that when children are send to dispose of the refuse, the put it next to the bin as it is too high for them to use correctly.

Frequency of refuse removal

Provision of refuse removal is an important community based service within the municipality. Nearly 77% of households had refuse removed by the local municipality at least ounce a week, and only 13% of households rely on their own refuse dump. The municipality has made improvements over a period of 6 years since 2001 in refuse removal.

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Figure 6: Umjindi Local Municipality
Percentage distribution of households by type of refuse disposal

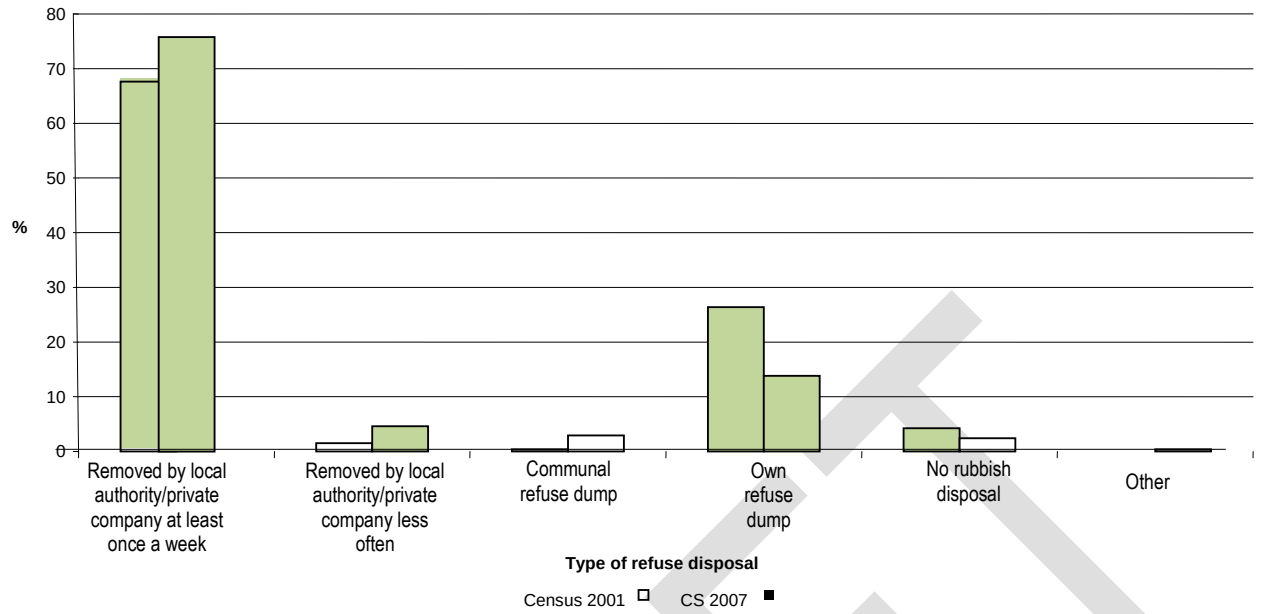


Table C: Refuse Disposal [Household Distribution]

Removed at least once a week	14,229	9,767
Removed less often	871	214
Communal refuse dump	539	64
Own refuse dump	2,599	3,812
No rubbish disposal	450	601
Other	80	0

1.3. SERVICE DELIVERY OVERVIEW

Access To Water

By 2007 the distribution of Umjindi local municipality households by water source is indicated in figure 4.1. The majority of households have access to safe water, either piped within the dwelling or access it from a point outside the dwelling. In fact, a few households did not have tap water in the dwelling by 2007. There was an improvement in the provision of piped water inside the dwelling between 2001 and 2007 (from 33% to 45%) (figure 4.1). The major improvements were in the provision of piped water from outside the dwelling, presumably from other less desirable water sources. The number of household accessing water from all other sources declined between 2001 and 2007. This shows desirable improvements in provision of safe water at municipal level.

Figure 7: Umjindi local municipality

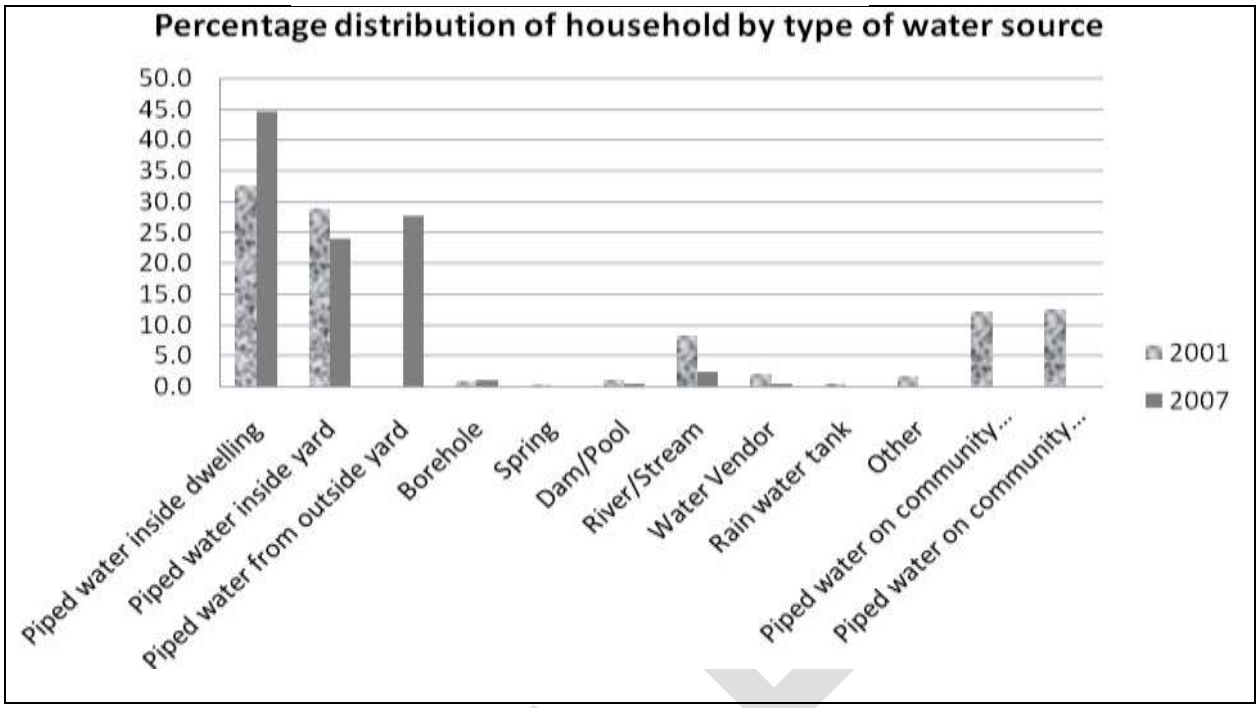


Table D: Water source in actual numbers

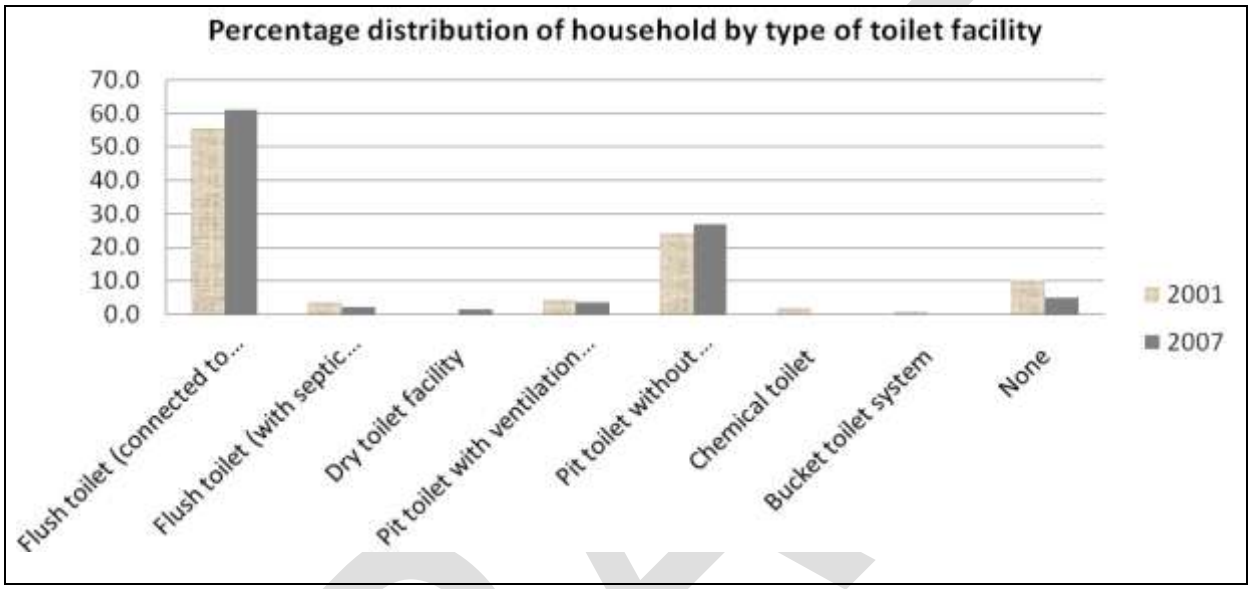
Description	***2001***	***2007***
Piped water inside dwelling	4,711	8,350
Piped water inside yard	4,165	4,499
Piped water from outside yard	0	5,169
Borehole	109	188
Spring	40	0
Dam/Pool	145	69
River/Stream	1,184	424
Water Vendor	278	69
Rain water tank	52	0
Other	223	0
Piped water on community stand: less than 200m	1,742	0
Piped water on community stand: greater than 200m	1,808	0
Total	**14,457**	**18,768**

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Access to sanitation

The percentage distribution of Umjindi municipality households by access to sanitation facilities is indicated in figure 4.2. Access to flushed toilet connected to a sewage system increased from 55% in 2001 to 61% in 2007, which is an increase of 3,454 households. The percentage of households with no toilet facility declined from 10% of households (1,487) in 2001 to 5% (947 households) in 2007.

Figure 8: Umjindi local municipality



There is very little change in the percentage of households with pit latrine, although there was a notable increase in those having access to unventilated latrine. But when observing actual number (table 4.2), the number of households who reported using pit latrine, both ventilated and not, there was an increase between 2001 and 2007. Also notable are declines in the number of households using sanitation facilities that are not desirable. Community Survey 2007 report no households using chemical and bucket toilet.

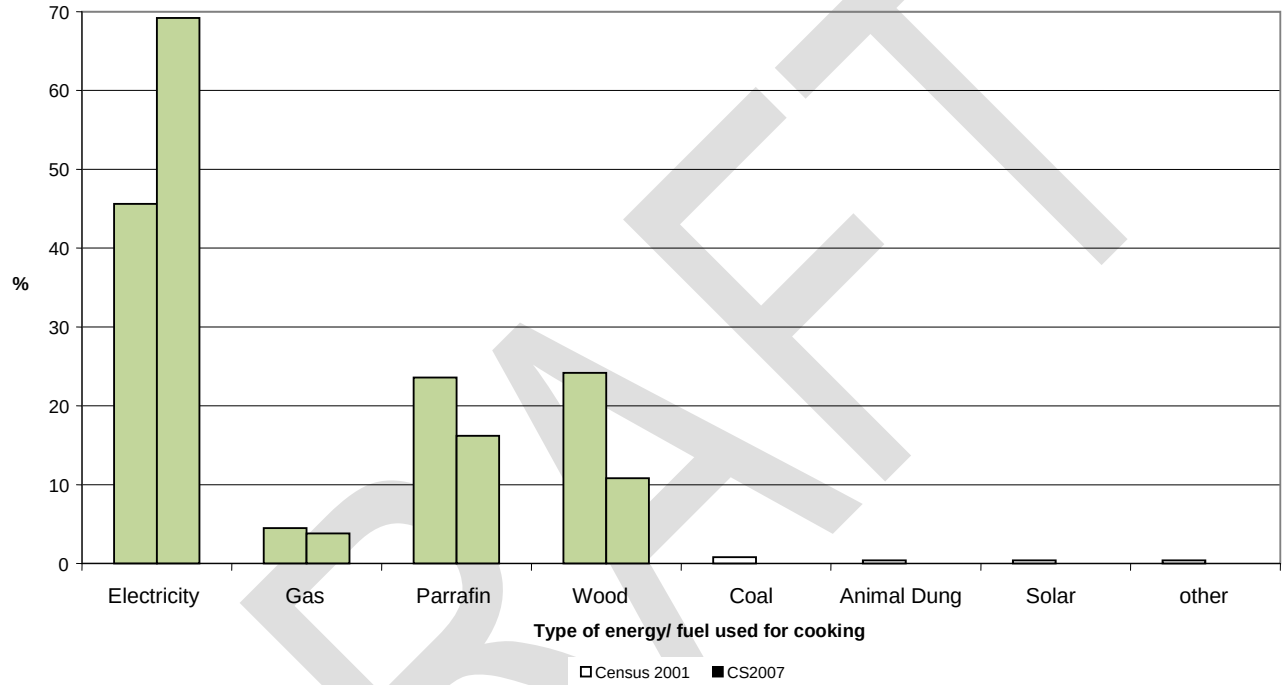
Table E: Toilet facilities in actual numbers

Description	***2001***	***2007***
Flush toilet (connected to sewerage system)	8,008	11,462
Flush toilet (with septic tank)	490	366
Dry toilet facility	0	277
Pit toilet with ventilation (VIP)	607	682
Pit toilet without ventilation	3,498	5,034
Chemical toilet	267	0
Bucket toilet system	101	0
None	1,487	947
Total	**14,458**	**18,768**

Access to Electricity

Access to electricity for lighting, cooking and heating is an important indicator of provision of one of the key resources in households. Figures 9 to 11 show the percentage of households that have access to electricity in the municipality, as well as other types of energy sources used by other households in the absence of electricity.

Figure 9: Umjindi Local Municipality
Percentage distribution of households by type of energy/ fuel used for cooking



Electricity is the leading source of energy for all uses, improving between the period 2001 and 2007. Between 2001 and 2007 there was an increase in use of electricity for cooking by 24% and a decrease in all other sources of energy use for cooking. Figure 4.4 shows that 29% of households use wood for heating in 2007, decreasing from 39% in 2001. There was also a significant increase in electricity for heating by 8% in the local municipality. By 2007 parafin declined significantly as a source of energy used for heating.

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Figure 10: Umjindi Local Municipality
Percentage distribution of households by type of energy/ fuel used for heating

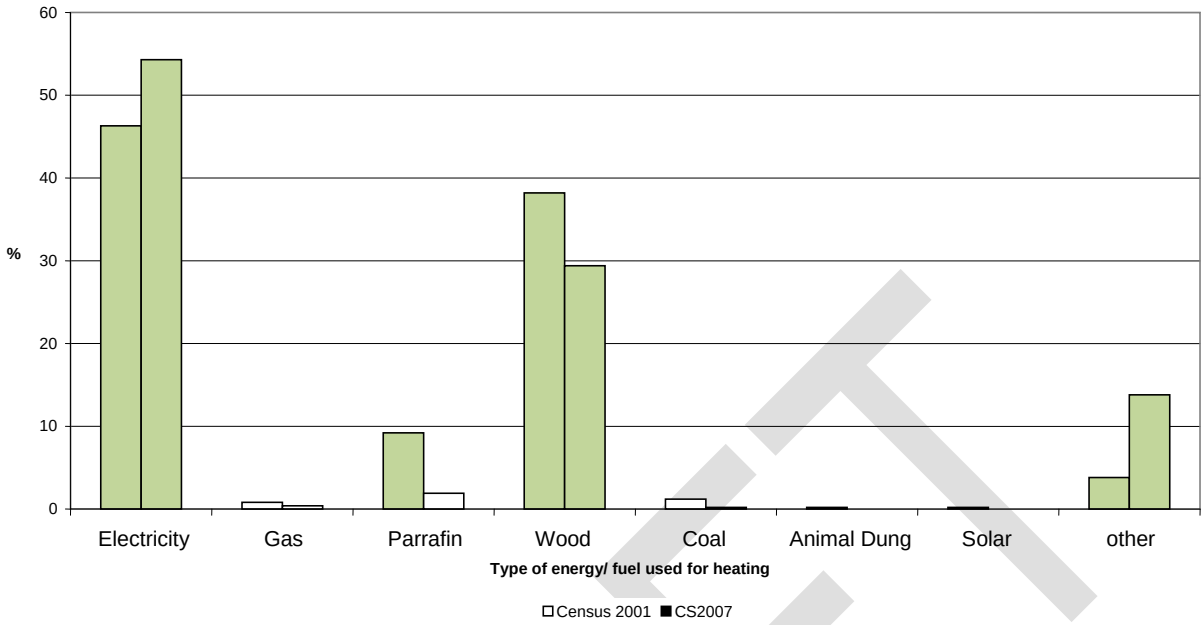
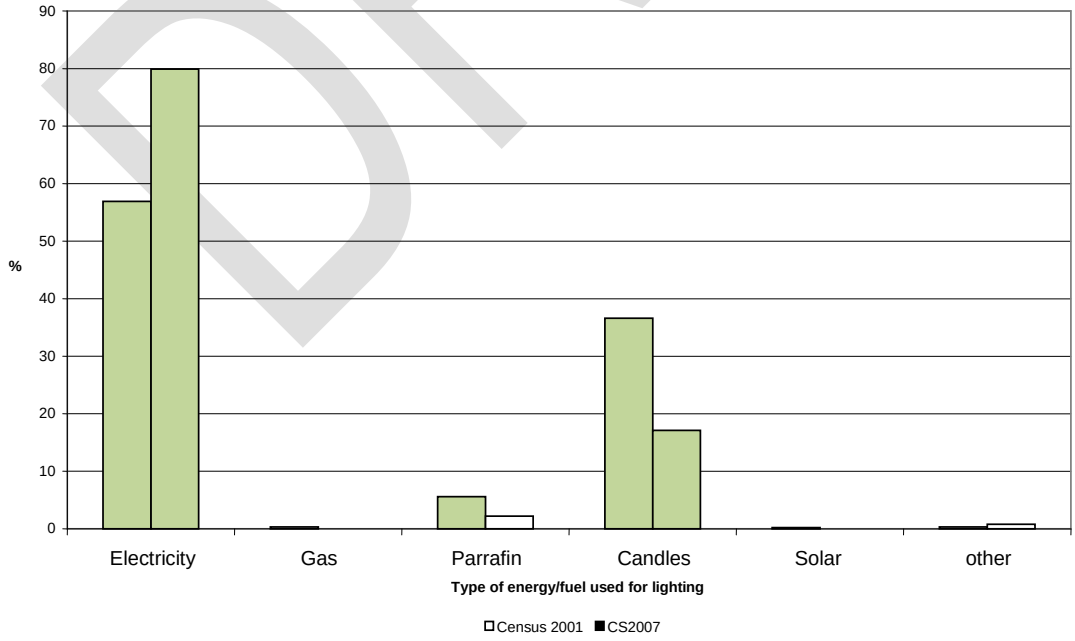


Figure 4.5 show that electricity (80%) and candles (18%) were a prefered source of energy source for lighting in 2007, an increase in electricity use and decline in use of candles from 2001. The increase in electricity use for lighting that is observed between 2001 and 2007 seem to have been by households who replaced candles with electricity. There was a marked drop in use of candles for lighting.

Figure 11: Umjindi Local Municipality
Percentage distribution of households by type of energy/fuel used for lighting



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Dwelling type

The type of dwelling where a household resides is directly linked to wellbeing of household members. There is evidence that suggests that children under age 5 who reside in dwellings that have poor floor, wall and roof materials have higher prevalence of negative developmental outcomes. They have higher mortality during childhood, higher morbidity and lower school attendance (Weeks, 2004). This is also because dwellings with poor building structures are often poor, have no access to other basic services such as safe water and sanitation. The types of dwelling that prevailed in the municipality in 2007 were formal dwellings such as houses (59%). There was a negligible increase in formal houses in the municipality between 2001 and 2007 (figure 12). There was a decrease in both informal settlements and traditional dwellings.
Figure 4.6 points to an improvement in living conditions of households over time.

Figure 12: Umjindi Local Municipality
Percentage distribution of households by type of dwelling

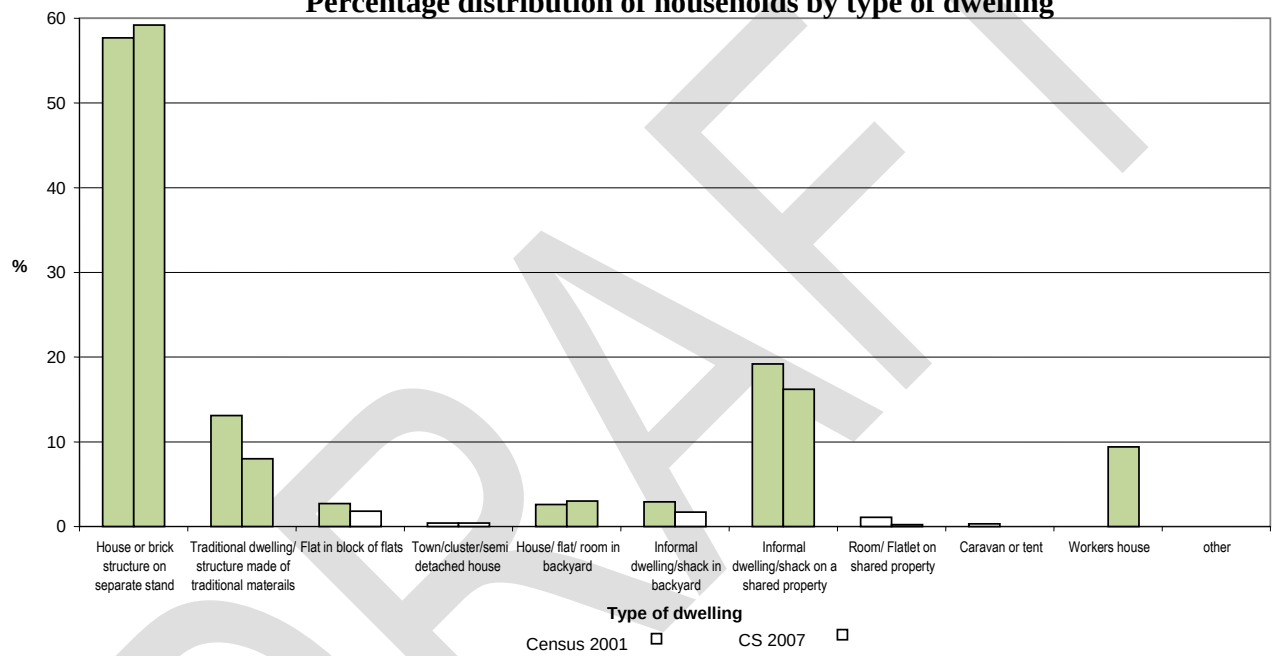


Table F: Main Dwelling Types [Household Distribution]

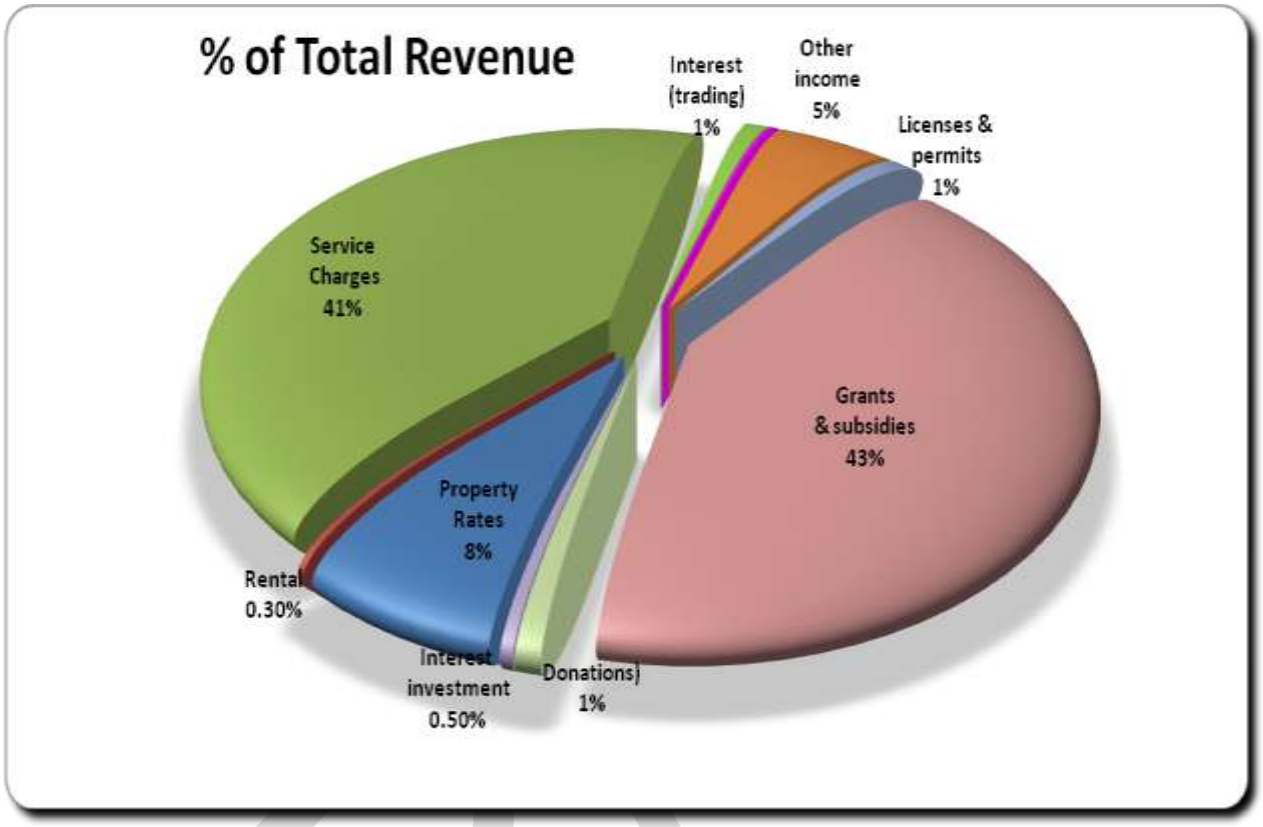
Description	*2007*	
House or brick structure on a separate stand	11,118	8,346
Traditional dwelling/hut/structure	1,506	1,890
Flat in block of flats	329	388
Town/cluster/semi-detached house	81	60
House/flat/room in back yard	560	380
Informal dwelling/shack in back yard	324	422
Informal dwelling/shack not in back yard	3,037	2,772
Room/flat let not in back yard but on a shared property	40	153
Caravan or tent	6	46
Private ship/boat	0	0
Workers' hostel(bed/room)	1,768	0
Other	0	0

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1.4. FINANCIAL HEALTH OVERVIEW

1.4. Financial Health Overview

The following indicates a breakdown of the revenue categories for the year under review:



Revenue 2011/2012	Actual 2011/12	Percentage 2011/2012
Property Rates	17 689 359	8%
Rental of facilities and equipment	480 590	0.3%
Service Charges	90 402 267	41%
Interest received (trading)	2 637 659	1%
Fines	74 220	0.2%
Other income	9 977 687	5%
Licenses and permits	2 437 268	1%
Government grants & subsidies	94 182 998	43%
Donations	2 890 200	1%
Interest received - investment	561 806	0.5%
Total Revenue	**221 334 058**	100%

Consumer Debtors Assessment Mfma Sec 121 (3)(E)

Debtors was a great concern as they affect the Municipality' Cash Flow and posed a threat / risk to ensuring financial viability of the Municipality.

The outstanding consumer debt for 2011/2012 (R 68 016 537) against 2010/2011 (R54 126 066) reflected an increase of 20.42% or (R 13 890 471) indicating that the Municipality takes an average of 120 days to collect outstanding debt. This high turnover has serious implications specifically for the Cash Flow of the Municipality.

Various strategies had been implemented without generating the necessary required results.

Provision for Debt impairment for the 2011/2012 financial year of R 34 989 537 against the amount of R 27 984 449 for the 2010/2011 was provided for.

Consumer Debtors

- The outstanding consumer debt was still negative at R 68 016 537 million, indicating that the Municipality takes on average 120 days to collect outstanding debt. This high turnover has serious implications specifically for the cash flow of the Municipality. The performance of the debt collection agency has not yielded the desired effects in reducing the outstanding debtors thus the beefing up of the debt collection unit with 2 extra officials.

- The Municipality has however, introduced the following various strategic interventions to collect outstanding consumer debt:

 - The blocking of prepaid vending for electricity consumers when other services are in arrears

 - The Municipality needs to sign a robust performance agreement with the collection agency that will see the enhancement of the collection of revenue.

 - The credit control policy and the actions taken in terms of the policy have to be adhered to, to ensure that a collection rate of 90% is being reached by the municipality in the forthcoming financial years..

 - The municipality did restructure the debt collection unit in order to improve performance on debt collection.

 - The upgrading of the financial system did have a positive impact in debt collection.

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1.5. ORGANIZATIONAL DEVELOPMENT OVERVIEW

Performance Management Systems

In the year under review the vacant positions of four directorates were filled in March 2012, they were the directorates of Financial, Corporate, Community Services as well as Director Administration. The Municipal Manager and all Section 57 employees had performance agreement in place, which forms the basis of their performance reviews.

The cascading down of Performance Management System to lower post levels still poses a serious challenge. The matter is still being debated at the Local Labour Forum comprising of IMATU, SAMWU, Council and management representatives but with failure, the thorny issue being the reward system for outstanding performance.

The municipality does not have a Performance Managements Systems Task Team in place, however the. Municipality's External Audit Committee is responsible for the auditing of all scorecards of all Section 57 officials.

The financial year under review also saw the Municipality implementing minimum Competency requirements as in line with the Municipal Regulations on Minimum Competency Requirements (Gazette No.29967 of 15 June 2007) These Regulations prescribe minimum competency requirements for senior officials as well as municipal finance officials and supply chain managers.

Municipality's Initiative - Employment Issues

In the Council meeting that was held on the 27th of June 2012, Council approved a new organizational structure as per Resolution FA 104

Funded posts were filled according to departmental prioritized positions and vacant critical posts were filled, hence not all vacant positions were filled

Hence a placement policy was developed and approved by Council. The Placement committee appointed to place employees that were affected during the approval of the new structure into relevant positions

The placement process did not involve all employees since it was guarded against that it should not be used as a promotional tool.

Employment Equity

The municipality is currently drafting the Employment Equity Plan It has however been noted that most senior positions are occupied by male incumbents and there is an effort to appoint persons from PDI group.

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CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Note: *The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.*

2.1 INTRODUCTION TO POLITICAL GOVERNANCE

Note: *MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality.*

Umjindi Local Municipality made extra efforts to include the Ward Committees and Councillors to the maximum of administrative functions and outputs at all levels. Any inputs or comments from the committees are reflected or accommodated in the reports pertaining to Council matters.

Ward Committees are also involved in commenting on reports with the purpose of being kept abreast of and in turn to inform the community with regard to changes and developments within the municipality.

This ensures a high level of public participation and promotes the principle of accountability.

Division of Legislative and Executive Functions

In terms of Chapter 7 of the Constitution of the Republic of South Africa, the legislative and executive functions of a municipality are vested within its Municipal Council. Following the introduction of an Executive Mayoral System, Umjindi initiated the process of splitting the executive and legislative functions by delegating certain executive powers to its Executive Mayor. With the introduction of the Municipal Public Accounts and Oversight Committee (MPAC) and its implied oversight role there has been a further implied split between the two functions. The MPAC as a structure of the legislative function (the Council) is expected to assist with oversight over the executive function (the Executive Mayor).

The principle of good governance requires that the legislative and oversight function that is to be exercised by a municipal council should be independent of the executive function that has been delegated to the Executive Mayor. This is to avoid undue influence and pressure being exerted by one function upon another and to allow each function the opportunity to operate freely within its delegations.

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The Legislative function of Council

The legislative (and oversight) function of the Council is vested within the full Council with the Speaker as its chairperson. The passing of by-laws, policies on functions retained by Council and frameworks within which delegated powers must be exercised, remain the function of the full Council except where certain express delegations have been made in this regard.

The Speaker is also responsible for matters pertaining to Councillors, Ward Committees etc.

The Section 79: Municipal Public Accounts and Oversight Committee (MPAC)

In assisting the Council with its oversight function a Section 79 Municipal Public Accounts and Oversight Committee (MPAC) was established with specific terms of reference.

Table 2.1.1 outlines and responsibilities, oversight and accountability of each structure.

Table 2.1.1: The Governance Structure of Umjindi Local Municipality:

Structure	Responsible for	Oversight Over	Accountable to
Council	Approve policies and budget	Executive Mayor, Mayoral Committee and Audit Committee	Community
Executive Mayor	Policies, budget, outcomes, management and oversight over Municipal Manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	The administration	Executive Mayor

The Umjindi Council is constituted by 18 elected Councillors; 9 Councillors are ward representatives and 9 represent their political parties on a proportional basis. The parties in Council are illustrated in Table 2.1.2

Table 2.1.2: Political Parties represented in the Council, the total, ward and PR seats

Party	Total Seats	Ward Seats	PR Seats
African National Congress	15	8	7
Democratic Alliance	3	1	2

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Powers of and Delegations to Executive Mayor:

The work of the Council is coordinated by the Executive Mayor who is elected by the Council. The Executive Mayor is at the centre of the system of governance and besides the powers and functions accorded to and imposed on him in terms of legislation (e.g. the Municipal Systems Act, Municipal Finance Management Act, etc.), .he has an overarching strategic and political responsibility. The executive function of the Council is delegated to the Executive Mayor as the appointed head of the executive function insofar as the Constitution and practicalities allow. The Executive Mayor is also the first citizen of the Town and attends to ceremonial duties.

The Executive Mayor is assisted by Councillors in a Mayoral Committee (MMC). The Mayoral Committee consists of councillors appointed by the Executive Mayor to serve on the Mayoral Committee. The Executive Mayor together with the Mayoral Committee also oversees the work of the administrative arm. Each member of the Mayoral Committee has a portfolio with specific functions. The Section 80 Committees contemplated in Annexure A constitute these specific portfolios.

Specific Programmes

Certain projects are championed by the political offices directly. Examples are the public participation processes to engage the residents in formal structures (e.g. Ward Committees, etc.) and less formal personal interaction (public meetings, discussions with interest groups, etc.).

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POLITICAL STRUCTURE

Executive Mayor



Cllr LV Mashaba

Speaker



Cllr PV Mkhatshwa

MMC: Finance and Administration



Cllr NE Mkhabela

MMC: Technical, Developmental Planning and Transversal



Cllr MJ Hlophe

COUNCILLORS

Umjindi has 18 Councillors consisting of 9 ward councillors and 9 proportional Councillors



Cllr HL Shongwe
Ward 1 (ANC)



Cllr AM Simelane
Ward 2 (ANC)



Cllr PL Sambo
Ward 3 (ANC)



Cllr AS Mthunywa
Ward 4 (ANC)



Cllr MC Nkosi
Ward 7 (ANC)



Cllr ME Nsimbini
Ward 8 (ANC)



Cllr ME Jacobs
Ward 9 (DA)



Cllr PCW Minnaar
PR (DA)



Cllr PM Mnisi
PR (DA)



Cllr TR Manyisa
PR (ANC)



Cllr BN Mathebula
PR (ANC)



Cllr DT Chibi
PR (ANC)



Cllr S Mabuza
PR (ANC)



Cllr SI Gama
PR (ANC)

Political Decision-Taking

- Political decisions are taken in a formal meeting where all participating political parties in Council have equal opportunity to deliberate the items as per agenda where after a resolution is adopted.
- 99% of Council resolutions were implemented.
 - Mayoral items were implemented.

2.2 ADMINISTRATIVE GOVERNANCE

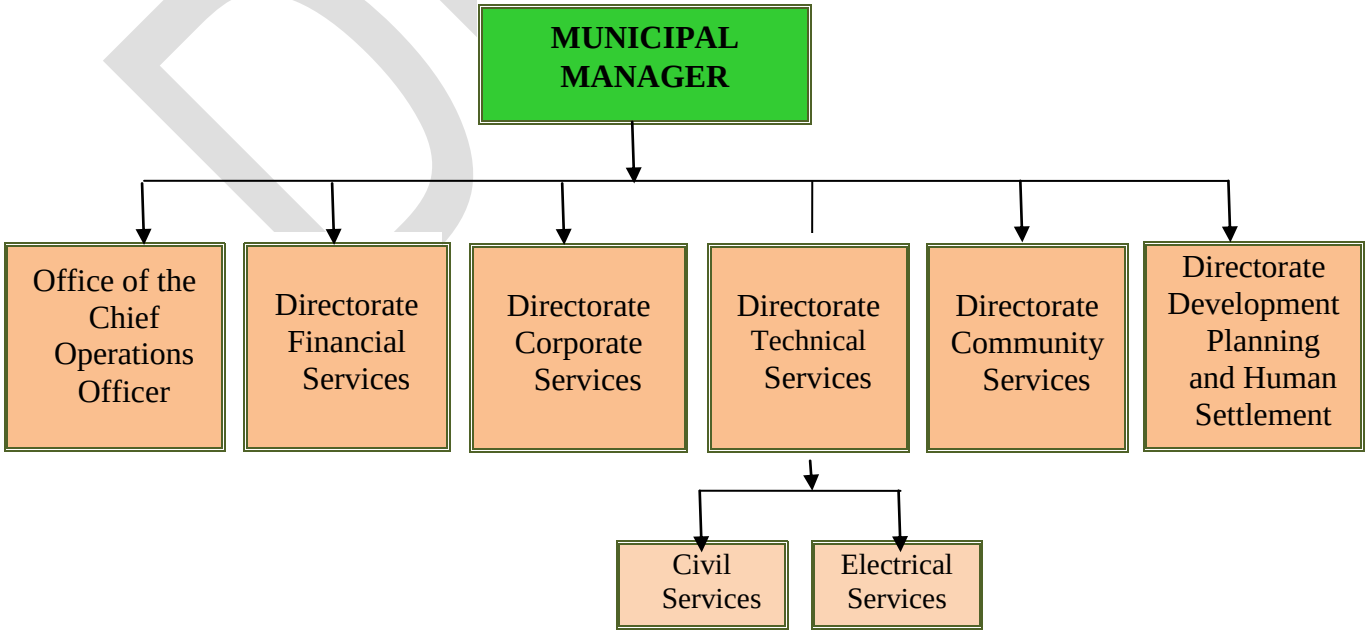
Note: *MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.*

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The administration is headed by the Municipal Manager as the Chief Accounting Officer. The Municipal Manager is further responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration as well as the management of the provision service in a sustainable and equitable manner within the municipality. The administration is made up of the following directorates Financial Services, Corporate Services, Community Services, Technical Services (Civil and Electrical Services), Development Planning and Human Settlement, Office of the Chief Operations Officer and the Municipal Manager

The Municipal Manager and Directors meet formally every Tuesday to deliberate on service delivery issues and reports that must be submitted to the Mayoral Committee or Council in terms of Delegated Powers, as well as on organisational management matters. Each Director also interacts with his/her MMC on a more regular basis for the same purpose.

The figure below provides an organisational structure of Umjindi Local Municipality



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The organizational structure of the Municipality is intended to deal with the service delivery demands of the community and employs appropriately qualified, well-motivated people to meet these challenges.

Delegations:

The Municipality also reviewed the delegation framework mapping the roles and responsibilities within the Municipality in order to ensure appropriate delegation of powers, maximize administrative and operational efficiency and provide for adequate checks and balances.

COMPONENT B : INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

Note*: MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisage in the Constitution section 41.*

The Inter-governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act. Umjindi Local Municipality furthermore participates in the Provincial and former District MIG forum. These forums provide a platform for engagement on the approval of projects and for coordination and monitoring of expenditure on former MIG-funded projects. The ULM also participates in other Provincial and district forums (Housing, Water, Electricity, Human Resources, Skills Development, Performance Management Systems, Integrated Development Planning, Communications, etc.)

Social Services Department - * Environment and Waste Management Forum (DEA) - by invitation *Community Works Programme (COGTA) - by invitation * EPWP (DPW) - by invitation

Provincial Intergovernmental Structure

Umjindi Local Municipality is part of Mpumalanga Province and participate in a number of IGR forums

Expanded Public Works Programme:

Provincial Steering Committee Meeting for EPWP quarterly. The key role players are Local and District Municipalities and Metros in Gauteng, Provincial Department of Infrastructure

Development and the National Department of Public Works. Other National and Provincial departments also attend. The purpose of the meeting is providing information about EPWP expenditure and progress on projects. Guidance on challenges is provided

Infrastructure Sector Committee Meetings, Meetings for EPWP quarterly: The key role players are Local and District Municipalities in Mpumalanga, Provincial Department of Infrastructure Development and the National Department of Public Works. Other National and Provincial departments also attend. The purpose of the meeting is provide information about EPWP expenditure and progress on projects in the Infrastructure Sector. Guidance on challenges is provided

COMPONENT C : PUBLIC PARTICIPATION AND ACCOUNTABILITY

Note: *MSA section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management and development.*

2.4 IDP PARTICIPATION AND ALIGNMENT

The Municipal Systems Act (as amended) has prompted changes in the way in which the Council plans for the future of the municipality. It also provides greater scope for communities to make their own choices about what the Council does and how.

"Developmental local government is local government to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve their quality of lives." In other words, "Together we can make a Difference."

The Municipality is therefore committed to institutional public participation to ensure that the final Integrated Development Plan belongs to all citizens of Umjindi, and not only a selected few. The community participation took place during the September 2011 driven by the IDP office. Community participation was done through Community Based Planning in order To make plans and services more relevant to local needs and conditions and to increase people's control over their own lives and livelihoods.

Some members of Council during the consultation meetings in ward 9	*Community members including ward committees during the consultation meeting in ward 5*
	

The Assistant Chief Financial Officer (Income) responding to community members concerns on the new Sebata Financial System



2.5 PUBLIC MEETINGS

Public Accountability and Participation:

The Public Participation Policy seeks to provide guidelines for the participation and involvement of the public and the community as defined in section 1of the Municipal Systems Act, in the affairs of the Municipality within the municipal legal framework to enhance participatory local governance.

Municipalities are expected to deepen local democratic participation in their governance as stipulated in terms of section 16 Chapter 4 of the Municipal Systems Act no 32 of 2000, a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must therefore encourage and create conditions for the local community to participate in the affairs of the municipality.

Public Meetings and Municipal Communications

Umjindi Municipality has a communication unit and there has been a good progress with regard to communications and public participation engagement through the broad community consultation meetings. The Office of the Speaker and the Executive Mayor has been able to manage quarterly consultative meetings with the public and also has provided the public with clear

explanation regarding service delivery issues and the challenges faced by the institution.
The communication strategy for Umjindi Municipality was adopted by council to serve as a guiding tool and a framework for the articulation of the municipal vision, mission, priorities and challenges as identified in our strategic planning sessions.

The strategy further put emphasis on the identified communication priorities, core mandate and service delivery planning. It is aligned with the central three spheres of government priorities for each year and section 18(1) (2) of the Municipal Systems Act 32 of 2000 must be taken into account when communicating information to the local community within the municipality.

The objective and core function of communication within the local government is to ensure that relevant policies, legislation, council resolutions and other general matters are communicated to the public and to improve and promote the image of the municipality.

It is essential that ordinary citizens are constantly informed about local Government‘s work and empowered to take active part in it.

Ward Committees

Umjindi Local Municipality has nine wards according to the demarcations of ward and each ward has 10 ward committees members, the election of ward committee members was very successful and well managed by the Office of the Speaker Cllr Vusi Mkhatshwa from the 12 -30 June 2011.The establishment of Ward Committees is a legislative requirement and the responsibility of local municipalities.

The provincial government is tasked with the responsibility of ensuring that municipalities are given all necessary support and to ensure that they operate in a manner that upholds and promotes participatory governance
The following criterion was applied during the elections of ward committee members

- *A Registered Voter in a Ward*
- *Be a responsible citizen of South Africa.*
- *Not be an employee of a Local Municipality and District within which the Local Municipality is demarcated.*
- *Not be in arrears to the Municipality for rates & service charges for a period longer than 3 months, unless such an individual is registered as an indigent and is covered by the Indigent Policy or has made payment arrangements with the Municipality.*

- *Not placed under curatorship*
- *Not declared as of unsound mind*
- *Be an active member of a sector represented*

Ward committees must consist of 11 people including the Ward Councillor who must be the Chairperson

There is Ward Committees Meetings every month per ward, and the committees must work with the Councillors at all times and must strive to create stability within communities. The ward committee members are the voice of the people in their respective wards

Traditional Leadership

Chapter 12 of the Constitution of the Republic of South Africa, 1996 stipulate that traditional leaders must be included on matters affecting local communities. This role is reinforced by the White Paper on Traditional Leaders and Governance. This opened a window of opportunity for municipalities and traditional councils to work together in the spirit of cooperative governance and ultimately accelerate service delivery in rural areas. Municipalities have a responsibility of ensuring that all development processes at local government level take customary and cultural issues into consideration.

Over and above the involvement of the traditional leader into issues of development within Umjindi, there is also maximum involvement in all events organised and hosted by the municipality. Here under is a photo of the traditional leader Chief Kenneth Dlamini with the Executive Mayor in our recent Prayer day that was held on the 4th of December 2011.



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COMPONENT D : CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

MFMA Section 62(i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

Umjindi regards risk management as an important function that contributes to the achievement of the municipality's objective and provides assurance that key risks are being identified and assessed; and effective controls are put in place to mitigate risks. To this end, Umjindi has adopted a Risk Management Strategy as a tool to assist the municipality to proactively identify any uncertainties that could prevent it from achieving its objectives or that could impact negatively on the desired level of service delivery.

Umjindi's Risk Committee has adopted the Risk Management Committee principles under the guardianship of Provincial Treasury. The Risk Management Strategy is supported by the Enterprise Risk Management Policy, the document that set the stance of the municipality with regards to risk management. To build capacity around risk management, the position of the Risk Officer was created on the staff establishment ensuring that the municipality has a dedicated person to deal with issues of risk management in compliance with the provisions of the MFMA

During this financial year the top five strategic risks identified were:

1. Poor service delivery
2. Failure of the development agency
3. Inability to attract potential investors
4. Poor Contract Management
5. High rate of population growth (low income earners)

<u>The Role of the Risk Management Committee</u>

1. Assisted Council in undertaking its responsibility for determining appropriate levels of risk for the organisation.
2. Ensuring that the Municipality had an effective Risk Management System and that extreme risks were reported to the Council in a timely manner.
3. Assessed the internal processes for determining and managing the following key risk areas:
 - Leadership and Management

- Safe Practice and Environment
- Information Management
- Human Resources
- Community Expectations
- Service development.

Ensuring compliance with codes of practice and conduct, laws, by-laws, regulations, standards, and best practice guidelines, litigation, claims, fraud and theft

4. Assessed the internal processes for determining and managing the development of goals and strategies, including:

4.1 Workforce

4.2 Asset strategic plan

5. Received and reviewed aggregated data on all risks and review risk status reports from management on all extreme and high risks

6. Addressed the effectiveness of he Area Risk Treatment Plans relating to areas of extreme and high risk

7. Assessed whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.

2.7 BY-LAWS:

Note: *MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.*

The by-laws are enforced by the officials of the different departments. No by-law unit has been established

Although the majority of by-laws still need to be updated it is still applicable. The municipality has 50 by-laws in total. The process of updating the by-laws is a continuous process and depends largely on availability of funds

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2.8 INTERNAL AUDIT

The Internal Audit function has been established in terms of Section165 of the Municipal Finance Management Act (Act 56 of 2003).

Internal Audit provide an innovative, responsive and effective value-added internal audit function by assisting management in managing risks, monitoring compliance and improving the efficiency and effectiveness of internal control systems. Internal Audit therefore evaluates and contributes to the improvement of risk management, internal control and governance systems.

The Institute of Internal Auditors defines internal auditing as follows:

"… an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Internal Audit Plan For The 2011//2012 Financial Year

- Review – Performance Management System quarterly reports (PMS)
- Review Debt Collection Process – Financial Viability and sustainability
- Follow-up on queries raised by the Auditor-General for the 2010/2011 audit
- Documenting an Internal Audit Methodology

Ad-Hoc Audits

The following ad-hoc requests were received from management and were executed by Internal Audit:

- Requested to audit – Petty cash and Floats.
- Requested to observe the Year End – Stores Stock taking process.
- Requested to verify the accuracy of the implemented Salary/Wage increase for the 2011/2012 financial year.
- Requested to audit the receipt books of all the Cashiers.

Achievements

- Continuous functional reporting of audit activities to the Audit Committee on a quarterly basis through scheduled Audit Committee meetings.
- Carried out ad-hoc request as received from management
- Observed the opening of Tender documents (Ad-hoc basis)
- Drafted an Internal Audit Methodology and was approved by the Audit Committee.
- Audit Committee reviewed the Internal Audit Plan and approved it thereafter.

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Challenges

- Inadequate resources for Internal Audit Unit to effectively executive their functions appropriately, and conduct our audits to be in line with the Standards of the Institute of Internal Auditors.
- Internal Audit activities are carried out manually and not electronically.
- Lack of capacity with the in-house Internal Audit staff to fully comply with the Standards of the Institute of Internal Auditors.

Recommendations

- Provide Internal Audit with an Audit Software (Team Mate) and training for the effective functioning of the unit.
- Allocate budget for Internal Audit to attend trainings approved by the Audit Committee as part of Internal Audit Continuing Professional Development plan as required by the standards of the IIA.

External Audit Committee

In line with section 166 of MFMA, the municipality has established its own External Audit Committee.

The Umjindi Municipality audit committee was established by Council in 2003 under the Council resolution number: FA382/21/10/03. As stipulated in Section 166 of the Municipal Finance Management Act No.56 of 2003 which states the following: Audit Committee must give to advice the municipal Council, the political office bearers, the accounting officer and the management staff of the municipality on matters relating to:

- Internal financial control and internal audits
- Risk management
- Accounting policies
- The adequacy, reliable and accuracy of financial reporting and information
- Performance management
- Effective governance
- Compliance with the MFMA, division of revenue act (DORA) and any other applicable
- legislation
- Performance evaluation
- Any other issues referred to by the municipality

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CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

3.1 WATER AND SANITATION

Umjindi Local Municipality is an approved water services authority and provider. The main objective is the provision of water and sanitation services to the community of Umjindi Municipality and the maintenance of the water and sanitation networks within acceptable standards.

- A total of 22 808 households had access to water but at different service levels (15180 = domestic and 7628 = Non-Domestic at a radius of 200m from the yard).
- A total of 22 808 households had access to sanitation but at different service levels (13470 = domestic; 280 = Ventilated Improved Pit Latrines and 9058 = Pit latrines).
- A 13000litre water truck was leased by Council for the delivery of water to rural areas; the department used two water trucks (5000Litres and 13000Litres). The areas were water was delivered had no infrastructure for running water and the water trucks assisted with the delivering of clean water to these communities (Farm and unformalized areas).
- Water quality was maintained at high standard for both Blue Drop and Green Drop and samples were analysed on a daily and weekly basis as per the licence agreement.

There was a huge improvement on the water quality as weekly samples were taken to an accredited laboratory and they complied with the required standards by **DWA (SANS 241 Version 1 and 2).** Council also complied in terms of **Regulation 2834** in all our plants (Water Works and Sewerage Plant). Council also registered on the Blue Drop and Green Drop Systems for the capturing and monitoring of programmes by the Department of Water Affairs (DWA) and for the Assessments by DWA conducted annually on the Blue Drop and Green Drop. With the assessments that were conducted during the 2011/12 Financial Year, the Municipality improved in terms of the Blue Drop and Green Drop Status.

Council ensured that the drinking water quality and the final effluent discharged back to the stream were according to the required standards.

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Final Effluent discharged to the stream

- The Sewerage Plant and Rimmers Water Works were maintained in a good condition acceptable to Blue Drop and Green Drop Regulations.
- Routine maintenance was carried out on the Reservoirs and Water Reticulation Network (Pipe Bursts and Leaks) rapidly to reduce unnecessary water losses.
- Maintenance was also conducted on the Sewer systems and Reticulation Network (blocked lines) to ensure spillages were cleared to minimise health hazards and improve living conditions and service delivery.



Water Maintenance



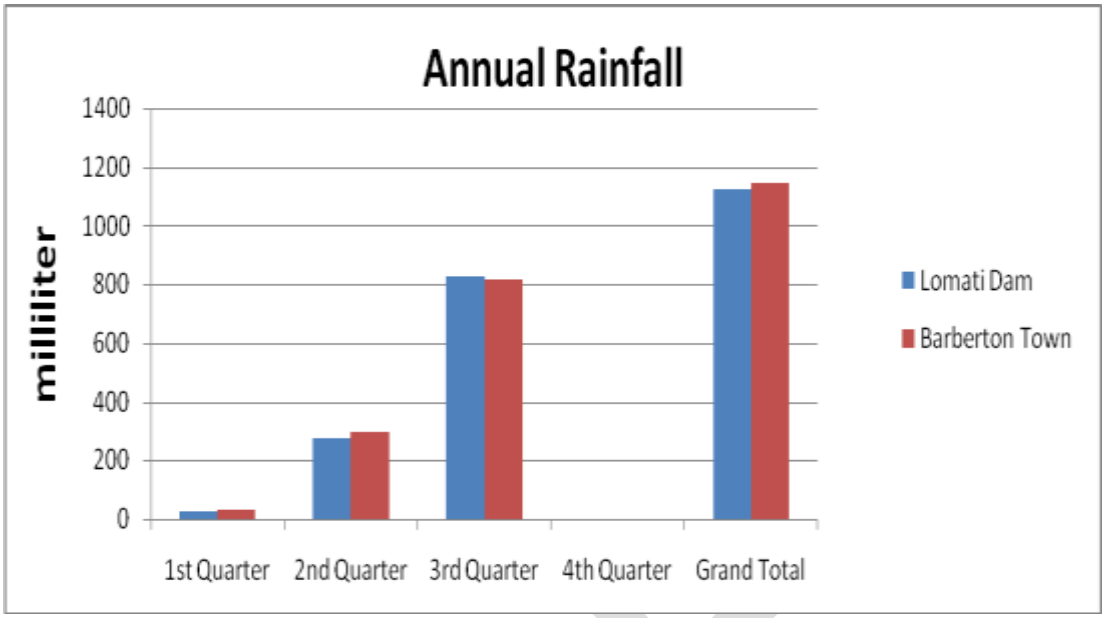
Sewerage Maintenance

Rainfall and Lomati Dam Levels

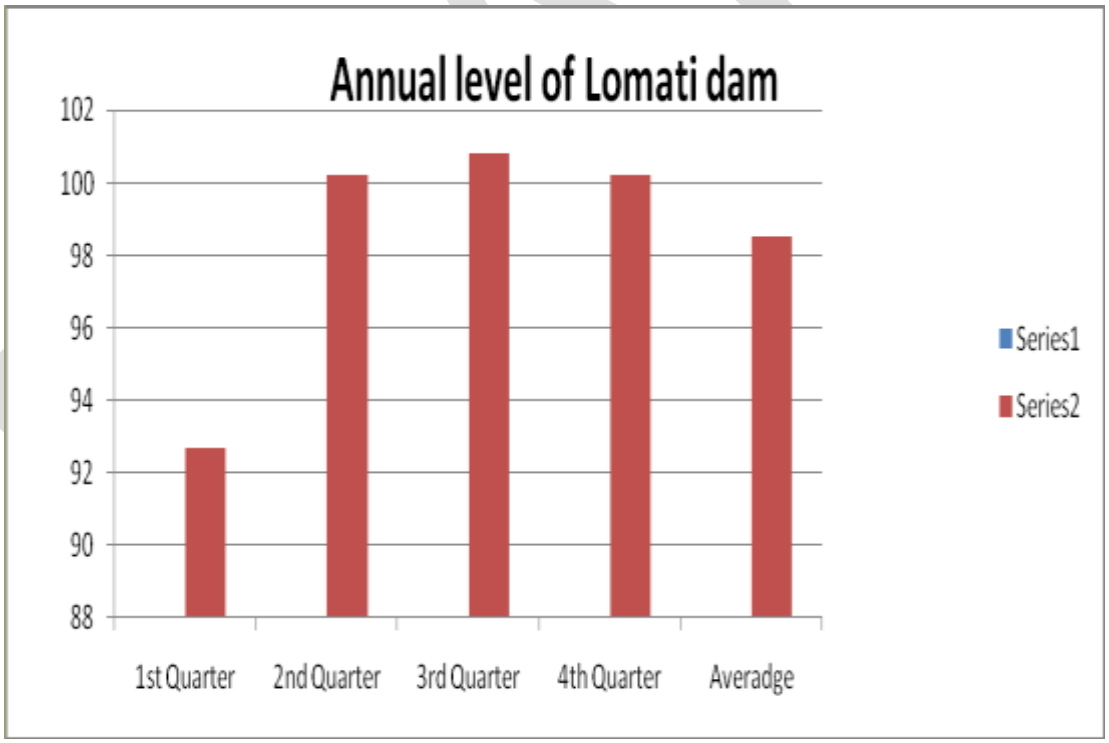
The level of Lomati dam was at 86.4%.

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Annual Rainfall



Annual level of Lomati dam



Water Restrictions have been lifted due to sufficient rainfall in the area.

PROJECTS

CONSTRUCTION OF PRESIDENT RESERVOIR

(Funded by Ehlanzeni District Municipality)

During the first Quarter, the President reservoir collapsed and we experienced a huge amount of water loss. Tumber Fourie Consulting Engineers were appointed to do a Technical Report on the disaster for urgent funding by Ehlanzeni District Municipality.

Ehlanzeni District Municipality funded the Reconstruction of the President Reservoir and Tumber and Fourie was appointed as Consultants with Dawson and Dobson as contractors to Reconstruct the President Reservoir with a similar one. Ehlanzeni District Municipality implemented the project which was completed and handed over in March 2012 according to Specifications and Standards.





Collapsed President Reservoir Reconstructed President Reservoir

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REPLACEMENT OF AC PIPES PHASE 04

A multi-year project for replacing old asbestos pipes with HDPE to reduce water loss and for continuous water supply and improved water infrastructure.

Trenchless Technologies was appointed for the Replacement of Asbestos Pipes with HDPE. The project amount for Phase 04 was **R6 523 933.48** and a total of ***7.62kms*** of AC Pipes had been replaced with ***302 water meters*** which made this phase of the project to be 100% complete and was handed over in February 2012. The project was done according to specifications and standards.

So far, the municipality has replaced **39.92kilometres** of AC pipes which has resulted in a decrease of water loss.



Replacement of AC Pipes Phase 04 Project

INSTALLATION OF WATER AND SEWER RETICULATION IN EMJINDINI EXT. 14

This project was for the installation of Water and Sanitation in Extension 14.

Sivuthumlilo Trading cc was appointed for the installation of Water and Sewer Reticulation in Emjindini Ext. 14.

The project was completed by August 2011 from which 494 households had access to basic water (urban) and sanitation (water borne). The project value was **R 3,326,497.94.**

The project is 100% complete. The project was constructed according to specifications and standards.

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UPGRADING THE INLET OF THE SEWERAGE PLANT TREATMENT WORKS PHASE 02

(Funded by Ehlanzeni District Municipality)

The Phase 01 of the project entailed the Concrete Works, the Building of the Incinerator and the paving of road around the inlets works. Phase 02 of the project entailed the Mechanical and Electrical parts of the Inlet Works to be operational.

One of the objectives of this project was to improve the quality of the final effluent as required by the DWA Standards.

The project is 100% complete and was handed over in March 2012. Training was conducted for all personnel at the Sewerage Plant on how to operate the new inlet works. The project amount was **R3 242 250.00.**





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CONSTRUCTION OF THE SLUDGE DAM

This project was for the Construction of a new sludge dam at the Waste water Treatment Plant to allow for the wasting of the sludge from the Reactors to the Sludge Dam in order to reduce the high levels of the sludge concentration in the reactor which causes the secondary settling tank to be overloaded.

Construction of the new sludge dam has improved discharge standards from the Waste Water Treatment Works.

The existing Sludge Dam at the Sewerage Plant collapsed due to ground water. There was a need to Construct a new Sludge Dam for the purpose of de-sludge at the Sewerage plant.

A technical Report was submitted to DWA for the Construction or Refurbishment of the Sludge Dam from which DWA approved and funded for the Construction of the Sludge Dam.

After the Tender Processes was followed, we realised we had a shortfall of R915 287.12 which was needed to counter funding from Council as per the agreement between DWA and Council. An item was submitted to Council for the counter funding which was approved on 30 September 2011 for the project to be implemented.

Casnan Civils are the appointed Contractors for the project. The project amount was **R2 065 286.69.** The project is 95% complete. The project is being done according to specifications and standards though concrete tests still needs to be done before we can declare the project complete.





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BULK WATER SUPPLY FOR KAMADAKWA-NDLOVU AND EMJINDINI TRUST

Due to the extension of Households in Emjindini Trust and Kamadakwa-Ndlovu by the Chief on a daily basis, there was a need for a more reliable source of bulk water supply as the boreholes in these areas were done for 779hh in Emjindini Trust and 45hh in Kamadakwa-Ndlovu.

The households had increased to 1450 in Emjindini Trust and 450 in Kamadakwa-Ndlovu which had a massive strain on the boreholes as they now had to operate beyond their design standard.

Technical Report, Agreement with Galaxy Gold Mine for abstracting the water from their property and Business Plan were then submitted to DWA and COGTA for approval and funding. This project was approved by DWA and COGTA for the value of **R13 319 750.00** by October 2011.

Lawmak was the appointed Contractor for the project. The project was handed over to the successful bidder on 06 January 2012. The project has commenced and is 70% Complete to be completed by August 2012. The project is done according to specifications and standards.





REFURBISHMENT OF SUNKEN SEWER PIPE BRIDGES

After the vandalism of the outfall sewer line by the community, there was an urgent need to Refurbish the Outfall Sewer Line to stop the spillage that had occurred and to enhance and promote infrastructure development and service delivery.

Casnan Civils was appointed as contractors for this project. The project amount was R851 194.00 and the project is 100% complete. The project was done according to specifications and standards.





Challenges

- Illegal sewer and water connections remain a challenge in the new extensions where the public does not pay for the service connections. Service providers to be appointed to identify the illegal water and sewer connections for penalties to be imposed as per the municipal tariff structure.




- Rimmers, SuidKaap Water Purification Works and Queens River pump station needs to be upgraded to cope with the high water demand resulting from the provision of water to new establishments and rapid population increase. One Sand Filter was refurbished at Rimmers Water Purification Works and the remaining four filters still need to be refurbished.

- Unnecessary Sewer Blockages due to the misuse of the sewer system and the dumping of illegal items in the manholes by residents poses a health risk with the overflowing of the Pump Stations and manholes in the areas causing spillages of raw sewer.




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Projects/Programmes As Identified In The IDP

Priority	Project / Programme	Budget	Spent to date	Jobs Created
Water	Replacement of AC with PVC Pipes Phase 4	R 6,523,933.48	R 6,523,918.78	28
	The project is 100% Complete			
Water	Bulk Water Supply Sheba Siding	R 3,150,000.00	R 0.00	0
	Budget Reallocated through an item to Council			
Water & Sanitation	Civil Engineering Services for Emj Ext 14 (water and sanitation)	R 3,326,497.94	R 3,308,362.11	36
	The project is 100% Complete (Only 10% retention Withheld)			
Water	Bulk Water Supply for Kamadakwa-Ndlovu and eMjindini Trust from Agnes Mine	R 10,616,709.17	R 11,379,296.19	26
	Project approved by COGTA to the value of R13 319 750.00 Item to be revised as approved by COGTA. Project to be handed over to the successful service provider on 06/01/2012. The project value is R13 048 007.00			
Sanitation	Refurbishment of Sunken Sewer Pipe Bridges	R 851,194.00	R 512,430.00	0
	The project is 100% Complete			
Sanitation	Construction of Sludge Dam	R 2,065,286.69	R 1,369,941.39	17
	The project is 90% Complete. Concrete Tests to be done before handing over.			

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3.2 ELECTRICITY

The Electrical Department are responsible for the provision of electrical services, infrastructure development for electrical services, street lightning and Mechanical Workshop.

Umjindi Local Municipality 2011/2012 has the following achievements:

- New Electrification of Verulam Phase II (517 households), Emjindini Trust phase lll (341 households), Lindokuhle (347 households), Phola Park(503 households) and Dixie Farm (73 households).
- Discussions with SAPPI has started for the provision of a (8 MVA) Electricity generation plant in the Umjindi Municipal area and other initiatives are under consideration by IDC, Umjindi Development Agency i.e. wind energy, gas generation and water turbines.
- The SAPPI Lomati 8MW Electricity generation plan is still continuing, SAPPI has now appointed WSP Environment and Energy to start with the impact assessment of such a plant. The Umjindi Development agency has also placed an advert for Professionals study on alternative energy.
- Extension 14 Phase II: Photos



315 kVA Mini-Substation + ABC Network



315 kVA Mini-substation

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Installation of Mini-Substation and Apollo Lights



New Apollo testing and commissioning

VERULAM PHASE I





New Apollo's and electrical infrastructure in Verulam Phase II

Challenges

- Ability to maintain paying for services by the Community and securing/long term jobs for the community.
- Umjindi Municipality has reached the stage that it is on its maximum supply capacity and need more bulk electricity supply.
- Filling of vacancies (Superintendent and Assistant Director Electrical Services) and the retention of experienced staff.
- The provision of sufficient maintenance budget to accelerate the replacement and refurbishment of ageing equipment.
- Funding for upgrading the Umjindi Bulk Supply to 40 MVA. R47.5 m is required for Eskom connection fee.

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Projects/Programmes As Identified In The IDP

Priority	Project / Programme	Budget	Spent to date	Jobs Created
Electrical Services	Vehicle Replacement Programme	R900 000.00	0	0
	Not done due to cash flow			
Electrical Services	Electrification of Verulam Phase II	R6 975 025.00	R6 486 531.40	11
	Project completed			
Electrical Services	Electrification of Emjindini Trust Phase III	R3 390 625.00	R0	0
	Project started in May 2012			
Electrical Services	Electrification of Lindokuhle	R5 890 846.00	R4 569 157.25	22
	Project completed			
Electrical Services	Electrification of Phola Park	R6 790 225.00	R2 752 160.34	26
	Project 40% completed			
Electrical Services	Electrification of Dixie Farm	R1 373 400.00	R0	0
	Project started in May 2012			
Electrical Services	Streetlights up to Monte Vista	R240 000.00	R0	0
	Not done due to cash flow			
Electrical Services	Robot at T-Junction R40 road	R160 000.00	R0	0
	Project re-located			
Electrical Services	Alternative Energy (FBAE – Gel fuel)	R160 000.00	R0	0
	Ongoing project	R 481 5000.00	R 372 768.00	0

3.3 SOLID WASTE MANAGEMENT

This is a largest department within the Municipality and renders a number of services such as Parks and Recreation, Cemetery services, Waste management, Swimming pools, Traffic and licenses, Disaster Management and Environmental Management.

Cleaning of the CBD after hours was done regularly by the EPWP labourers – i.e. sweeping Main Street and around Taxi ranks and controlling littering on daily basis. Bulk refuse containers were placed strategically to control illegal dumping and littering.

A new refuse compactor truck was donated to the Municipality by COGTA and the transport problem was solved to a minor extend. The leased compactor trucks were ever out of order and hampered the delivery of refuse removal services.

Veld fires caused by wind occurred twice at the Municipal Landfill site. The Landfill site Compactor machine is also ever out of order and compaction could not be done properly/ thoroughly due to the shortage of covering materials (soil). The state of the site is starting to create a nuisance and it needs to be rehabilitated.

The consultant SKCM was appointed to update our IWPM and rehabilitation of the Landfill site.
Several cleaning campaigns were conducted in conjunction with DEDET, DALA, Ward Councillors, School and Churches etc. at Umjindi trust, Ka-Koper, Dixie farm, Verulam, Sheba and etc.

The Department of Public Works in conjunction with IDT has introduced the Food for Waste Programme in Umjindi. The programme works on the basis of employing people from un-serviced areas, to clean those areas and then they receive food parcels as compensation for the work done instead of money.

Challenges:

- Illegal dumping remains a challenge for the refuse removal section and the collection of heaps is an on-going process. Clean-up campaigns and educational sessions have been introduced as well as the employment of workers under the Expanded Public Works Programme in an effort to combat the problem.

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- The refuse removal section is still experiencing problems with its vehicles and most of the time only two of the four compactor vehicles were in a working condition. Two
- Compactor vehicles have been replaced with vehicles having automatic transmission systems. The Municipality are leasing these vehicles and were not in the financial position to purchase them.
- The landfill site is not in satisfactory condition due to a shortage of covering material and subsequently SKCM consultant was appointed to advice the Municipality on the rehabilitation process.
- There is a backlog in the delivery of refuse removal services to the rural areas and it is impossible to address due to the financial implication. The section will not only have to appoint additional staff members but will also have to purchase vehicles.
- A Tipper truck is needed in the Refuse Removal Section to cover refuse at the Municipal Landfill Site. A request for financial assistance has been forwarded to Ehlanzeni District Municipality.
- All capital purchases and capital projects could not be implemented due to financial constraints.

Projects/Programmes As Identified In The IDP				
Priority	**Project / Programme**	**Budget**	**Spent to date**	**No of Jobs Created**
No projects implemented during this financial year				

3.4 HUMAN SETTLEMENT

Achievements

- ❖ The Housing Section has successfully allocated 436 Housing Units at Sinqobile where RDP houses have been successfully built and completed by the appointed contractors.
- ❖ The Department of Human Settlements has further requested for an allocation of two non-residential stands whereby a Community Hall and Crèche could be built.
- ❖ The sites allocated for this purpose are erven 75/76 and 923 respectively in the Sinqobile Township.
- ❖ A further allocation of 200 RDP houses units has been made available for Sinqobile Township.
- ❖ The contractors were appointed each with allocation of 100 units.
- ❖ The appointed contractors were temporarily allocated Erf number 17 and 793 non-residential erven for the purpose of erecting site offices for the project.

Challenges

- There are about 922 residential stands at Sinqobile Township (Verulam). The total number of allocation of housing unit was 636.
- There is a backlog of 286 stands which have been allocated and verified there are 25 provisional allocations to people who were issued with ID documents but are still Non-South African Citizens. These are in the process of neutralizing their citizenship to become full South African Citizens. In the meanwhile they may not apply or be assisted with RDP housing until they become South African Citizens.
- The other challenge is the people that were allocated with stands but do not qualify for RDP housing because of the income status and have other properties registered in their names. When they apply for RDP housing the system automatically rejects their applications.
- The Department of Human Settlements in the Housing Subsidy System Section will provide information of all the rejected applications. These properties will be evaluated and sold to the beneficiaries at the market related value.

EMJINDINI TRUST

Achievements

- Is under the control of the Chief and there are +- 1200 residential stands. The township establishment is in the process of being finalized by Sisonke.
- There are about 500 RDP housing units that have been built and occupation has already been taken by the relevant beneficiaries.
- The Department of Human Settlements has further allocated 50 RDP housing units for the current financial year.
- Contractors have been appointed to commence with the project.
- Beneficiaries are being identified by the Ward Committee.
- Applications to be captured in the Housing Subsidy System are being forwarded to The Department of Human Settlements.

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Challenges

- The finalization of the township establishment remains a challenge.
- The allocation of stands to beneficiaries where there is no indication of the main road will create more challenges when the people must be re-allocated to demarcated erven.
- The allocation of people by the Chief to areas where services are not available remains a challenge.

EMJINDINI EXTENSION 14

Achievements

- There are 494 stands in Emjindini extension 14 of which 18 are non-residential.
- The 476 residential stands were allocated to beneficiaries.
- 50 RDP housing units have been allocated by the Department of Human Settlements in this area.
- A contractor has already been appointed. The project must be completed within 06 months.

Challenges

- The allocation of housing units does not equal the number of allocated stands. After the completion of the 50 RDP housing units there will be a backlog of 426 units.
- The other challenge is the infrastructure. The beneficiaries in this area are still using communal taps. There is also no sewer-line.
- The people are using pit latrine toilets which may cause a health hazard, but will be budgeted in 2010/2011 financial year.
- The service provider's contract has been extended twice as the contractor failed to meet the target date.

LINDOKUHLE

Achievements

- Lindokuhle is an Informal Settlement has been formalised and the department is currently installing services
- There are about 308 stand allocated to the beneficiaries who are already residing in this area. The place will become a formalized area.
- The beneficiaries will access all services rendered by the municipality once the formalization processes are completed.

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.***Challenges***

- As the area is being formalized beneficiaries are complaining about the size of the stands of which the problem is being addressed by the municipality.

PHOLA PARK

Achievements

- Phola park has been formalised and the department is currently installing services
- There are about 466 stands in this area and the beneficiaries are already residing there.
- The formalization of Phola park and Lindokuhle has been completed

Challenges

- Some of the ward committee members do not want to assist the ward committee in monitoring to ensure no illegal invasion of the area.
- The Squatter Control Officer is in full control although it becomes a challenge when members of the ward committee allocate people without his knowledge.

MSHOLOZI

Achievements

- Msholozi is in a process of being formalised and services will be installed in due course.
- There are about 224 stands in this area and the beneficiaries are already residing there

Challenges

- The relocation of these people will be a challenge in a sense that most of them are unemployed and therefore building an informal structure within a specified period might be the challenge.
- Land invasion and the tempering of the pegs, double allocation is one of the challenges the department is working of correcting issue.

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FOUR FARMS PURCHASED

- The Department of Human Settlement has bought four farms namely Hulleys Hill, Farm Biggar, and Mona which are currently under formalisation.
- A total of 1005 residential stands will be made available to the beneficiaries on the waiting list.

EMERGENCY

RDP houses were built following a natural disaster that left many families homeless.

AREA	NO. OF UNITES ERECTED
Hanging Stone	8
Uitval Farm	2
Shiyalongubo	10
Shiba Siding	10
Emjindini Trust	2
Kamadakwa Ndlovu	6

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3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

Indigent Subsidy

- The Municipal System Act requires municipalities to formulate an Indigent Policy that is consistent with Council's rate and tariff policies and also meets the requirements of S152 of the Constitution.

- The municipality has an approved Indigent Management Policy, which policy provides procedures and guidelines for the subsidization of rates and basic services and tariff charges to its indigent household.

- The objective of the Indigent Policy is to ensure the provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of council.

- Council provides this subsidy to all households where verified total gross monthly income of all occupants over 18 years of age does not exceed R1 200,00 or equal to the Government Social Grant.

- These households qualify for a subsidy on property rates and service charges for sewerage and refuse removal, 6kl of water per month and 50 kWh of electricity per month free of charge.

- The indigent subsidy is also extended to households occupied by husband and wife who are both receiving a social grant/disability pension and child grant as determined annually by the Minister of Finance.

- The municipality received 2451 applications for the 2011/12 financial year. Only 2232 applications were approved, 219 not approved, resulting at a total amount of R million being spent.

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COMPONENT B: ROAD AND TRANSPORT

3.6 ROADS AND STORMWATER

The key objective of the unit is the provision of a fully maintained access roads and timely response to complaint reported to the unit.

- The Storm water Master Plan is being implemented and Phase 03 and Phase 04 were implemented during the Financial Year under review..
- Routine Roads, Storm water and Buildings maintenance were done periodically as the needs dictated.
- Potholes were being patched timeously and the grading and re-gravelling of gravel roads were done as required.
- 213.23km's of gravel roads / streets were graded, 71.2km's of gravel roads were re-gravelled, 20.44km's of tarred roads were maintained (Pothole patching), 1km of new road was constructed with 2km's of Storm water Infrastructure.
- Budgetary constraints have limited the section from doing full maintenance at the Municipal Buildings and the slurring of roads.
- Storm water Facilities / Infrastructure were cleaned and maintained during the course of the year.
- 115 Building Maintenance was attended to timeously.
- Paving of driveways and sidewalks, cleaning of storm water facilities was attended to timeously throughout the financial year.
- COGTA donated an additional Grader to Council.
- 5 Speed humps were constructed.





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PROJECTS

Internal Projects

BLAND STREET – RECONSTRUCTION OF STORM WATER OUTLET

Gabions and Stormwater Pipes were constructed to control erosion that was occurring at the bridge of the road. Temporary people were appointed to assist with the construction of gabions and currently the project is 99% complete as only backfilling is outstanding.







PAVING AT THE CEMETERY

Due to the deteriorating of the tarred road to the cemetery, funds was made available to pave the road for accessibility and to enhance and promote infrastructure development and service delivery.

These project enhanced job creation as 22 temporary jobs was created. The project was constructed and completed by 22 December 2011 and the entrance of the graveyard at Greyville was paved internally. The project was completed as per the standards and specifications.

Projects Funded Through MIG

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CONSTRUCTION OF MULTI-PURPOSE COURT AT KAMHOLA

Due to the late approval of the business plan for MIG funding by COGTA, the project was handed over in May 2012 to be completed by July 2012. The project amount was R543 911.61 and SN Projects were appointed as contractors. The project is 90% complete. The project was constructed according to specificati

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CONSTRUCTION OF ROADS AND STORM WATER FACILITIES PHASE 03

This a multi-year project for the Construction of Roads and Stormwater Facilities in the Emjindini area as per approved Stormwater Master Plan to ensure that all households have access to proper roads and stormwater infrastructure.

This project entailed the construction of Roads and Stormwater Facilities from Graveville to Emjindini Extension 10 (Kakoper Ground).

1km of Road and 2km of stormwater infrastructure was constructed and completed by July 2011. 23 Temporary jobs were created. The project value was R 5,720,635.85 and VDAN Construction was the appointed contractor for the project. The project is 100% complete. The project is constructed according to specifications and standards.

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CONSTRUCTION OF ROADS AND STORM WATER FACILITIES PHASE 04

This was multiyear project for the Construction of Roads and Stormwater Facilities in the Emjindini area as per approved Stormwater Master Plan to ensure that all households have access to proper roads and stormwater infrastructure.

The Contractor for Phase 04 of the project was unable to complete the project on his completion date of 11 November 2011 due to lack of project management and financial constraints. Blue Dot Trading was the appointed contractor for this project. The contractor has been on penalties as from 12 November 2011 and a subcontractor was appointed by the main contractor to complete the project.

21 Temporary jobs was created and subcontractors was also appointed for kerb laying and building of manholes. The project is 100% complete. The project was constructed according to specifications and standards.

CHAPTER THREE







Challenges

- A Roads and Stormwater Master Plan to be developed for Barberton and newly formalized areas for funding and proper implementation.
- Inadequate Resources limits the section in implementing some of its requirements properly and timeously, e.g. The TLB and Jet Cleaner that must be shared amongst the sections for Water, Sanitation, Roads and Storm water maintenance. An additional TLB is required. Breakdown of vehicles and the delay in repairing or maintaining also causes a heavy strain on service delivery.
- Budgetary Constraints have limited the Departments Sections from operating effectively in terms of service delivery and maintenance due to shortage of material which has a major impact on service delivery as work needs to be postponed. Minimum stock Levels for materials

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to be adhered to and increased were necessary.

Projects/Programmes As Identified In The IDP				
Priority	**Project / Programme**	**Budget**	**Spent to date**	**Jobs Created**
Roads	EPWP labour intensive projects	R 1,930,000.00	R 1,930,000.00	115
	Umjindi Siyatincedza Environmental Project and Umjindi Asibambisane Infrastructure Project			
Roads & Stormwater	Construction of Stormwater Infrastructure - Phase 4	R 6,703,611.54	R 5,686,691.97	22
	The project is 100% Complete			
Roads	Regravelling of Roads at Ext. 14, Verulam and Other Extensions	R 1,750,000.00	R 0.00	0
	Budget Reallocated through an item to Council			

CHAPTER THREE

3.7 TRAFFIC AND LICENSING

Traffic:

Continuous Traffic Law Enforcement was undertaken in the entire Umjindi area with lots of challenges and successes. Umjindi Traffic participated in various projects such as Arrive Alive Campaigns and Zero Tolerance where remarkable strides were made with immense meaningful contribution in reducing crashes and fatal accidents on our roads.

During the 2011/2012 the numbers of accidents were reduced by 5% as per Provincial report and of that Umjindi Traffic has played a pivotal role.

We are proud to report that irrespective of challenges faced by the department 925 traffic fines were issued to defaulters on various traffic offences ranging from speeding, traffic sign violation and un-roadworthy vehicles and a few drunken driving.

Seven schools were assisted with Scholar Patrol services. Regular maintenance of the road traffic signs was done.

Vandalism of road infrastructure and traffic signs exposes our communities on the risks of unsafe roads. The recent protest has left some of our road traffic signs and traffic lights damages, which undermine our efforts to ensure that our communities are safe on our roads.

Licenses:

Legislative compliance in the provision of driving licenses, learners licences, registration and licensing and motor vehicle testing has been achieved

The following number of learners' licence applications was handled:

Year:	Number failed:	Number passed	Total
2011/2012	1151	1336	2487

The following number of drivers' licence applications was handled:

Year:	Number failed:	Number passed	Total
2011/2012	825	410	1235

The following number of vehicle registration and licences handled:

Year:	Total
2011/2012	3961

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The Traffic Section has great difficulty in collecting unpaid fines due to a staff shortage.

Public Transport:

Co-ordination of public transport activities has taken place jointly with other stakeholders and inter governmental departments such as Department of Public Works, Roads and Transport, Ehlanzeni District Municipality, Barberton Taxi Association and SAPS.

The municipality has been very instrumental in the approach and has managed to avert a taxi disaster which was on the verge of turning into a blood war.

Regular inspections on public transport permits and joint operations of our law enforcement and provincial transport board, has managed to restore order in the taxi industry.





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CHAPTER THREE

COMPONENT C: PLANNING AND DEVELOPMENT

3.7 TOWN PLANNING AND BUILDING CONTROL

Achievements

- A lot has been achieved in this unit given the turn-around times for applications that have been shortened. The standard timeframes on application varies according to the type of application and other statutory requirements, for example, a township establishment application will not be approved in the same time and manner an amendment of scheme application.
- The same also applies for building plans wherein the turn-around time has improved. The normal approval time is 3 weeks but we manage to circulate them within that period.
- The establishment of several townships within the municipality cannot be faulted even though not all have been completed.
- The upgrading of informal settlements to ensure secure tenure to the poor in the municipality has been a great achievement and the following is a summary of applications submitted and building plans approved.

Challenges

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- It takes an extended period for external/internal departments to comment on application that have been circulated to them and that hampers the turn-around time.
- Shortage of working tools and human resource.
- Financial constraints.

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Zone Plans

Applications outstanding 30 June 2012	Categories	Number of new applications received / approved 2011/2012	Applications outstanding 1 July 2012
3	Township establishment	6	2
8	Rezoning	9	1
9	Subdivisions	16	0
3	Consolidation	11	0
11	Application for site	25	3
7	Building line relaxations/Consent use	13	6

The 6 New Township Established is in Relation to:

- Lindokuhle
- Phola Park
- Sheba
- Emjindini
- Barberton Extension 12
- Barberton Crossing

To the amount of 69 453.00

Building Plans

Building plans outstanding 1 July 2011	Category	Number of new building plans	Total value of building plans received (R)	Building plans outstanding 1 July 2012
3	Residential new	61	R 39 974-09	5
1	Residential additions	59	R 19 579-65	5
1	Commercial	6	R 12 776-57	1
0	Industrial	7	R 7 914-94	1
0	Other (swimming pools, churches, etc)	6	R 6 008-62	0

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3.9 LOCAL ECONOMIC DEVELOPMENT (LED)

Economic growth is a vital driver for jobs creation. As is the case throughout the country, and indeed globally, there is considerable dent in the economic growth due to recent economic recessions which affected every nation on the globe. LED is therefore key in ensuring that people's lives are improved in terms of being economically viable.

Various economic initiatives which are sustainable are necessary for the locals to have space to implement their business and economic stimulating ideas. It has emerged that a strong and knitted Local Economic Development Forum (LED Forum), as a best practice, is imperative to assist all locals to work together towards successful economic stimulation.

Unfortunately the Umjindi Local economic Development Agency has not been able to assist the Municipality in bringing huge, high impacting investments into Umjindi, due to a number of internal and external issues in the Agency. The Board of Directors has since been dissolved by Council however a new Board will be appointed in the 2012/13 financial year.

Barberton Community Tourism has continued to bring events into town and also to market the Municipal area, though they operate on a shoe string budget. The Umjindi Jewellery project continues to train locals on Jewellery making and have the support of the Municipality and the Barberton mines, which helps it to stay afloat under trying financial conditions.

A Tourism Ambassador Programme was introduced in this financial year and it benefited at least 20 local youth, who were trained in the Hospitality industry, the programme continue to run until February 2013. This programme is supported, financially by National Department of Tourism and coordinated by the MTPA in the province.

Continual meetings have take place that seeks to revive the Barberton Makhonjwa Mountainlands World Heritage Site agenda. Lack of funding has plagued the project and led to its halt. More than 100 people have been trained in entrepreneurship, financial management, Tender processes, generating business ideas etc. Some of the stakeholders LED worked with, includes COGTA, DEDET, SEDA and NYDA.

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Achievements

- Training was provided to hawkers and permits were issued to have better control.
- A Youth summit was held and Youth development programmes adopted. A number of entrepreneurial skills training were implemented.
- A Tourism Ambassador programme which trains people in Tourism sector has been a good success yet.
- Jewellery project has been doing well despite financial challenges
- Enkanini Food Gardens project implemented
- Worked together with Dept of Agriculture to train 10 people in security guarding
- Assisted at least 30 people in an EPWP Waste Management programme funded by COGTA
- Working together with stakeholders to train people in Welding, Sewing and Baking
- Supported the 2 Youth Centres in the Umjindi area. Another one is on the cards.

Challenges

- Insufficient funds at the Jewellery Project could mean that the project closes down in the near future. Barberton mines are considering assisting the project.
- The Agency for the Development of Umjindi Municipality has not achieved much due to challenges in the Board and it was since dissolved. A new Board to be appointed.
- BCT board's term came to an end in late in 2011 and no new Board have since been appointed.
- SMMEs are struggling to find land/ stands / building for them to operate from. If only the Municipality can allocate specific land for such developments
- The Barberton Makhonjwa Mountain Lands World Heritage Site's declaration has been put on hold due the lack of funding for the project, a number of initiatives are being considered.
- Local Economic Development Forum (LEDF) was launched in August 2011 but was starved of the necessary support. Council was requested via Item to look into this.
- Lack of willingness by people to be entrepreneurs. They are put on entrepreneurial development programmes and they give up on the way

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COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.10 LIBRARIES; ARCHIEVES AND COMMUNITY FACILITIES

LIBRARIES

The public library is an abundant collection of books and other material for reading, for seeking information, for pleasure and entertainment and for study. It is a place which provides space and quiet for reading and work. Readers in the library should be able to find what they seek either by asking staff or by researching catalogues and other databases on line. Personal computers are available both for research and for people engaged in their own work

Librarians do cater for children, both in the selection of material also in the help and encouragement in finding books and stories of which younger readers may not know. In the financial year under review the status quo of our three libraries were as follows:

Service Statistics for libraries (registered members):

	BARBERTON LIBRARY	LOW`S CREEK LIBRARY	EMJINDINI LIBRARY
Number of books and reading material	6848	1076	5840
Number of computer services used for study and internet	612	1008	4536
Number of information services requested	3733	1300	2896
The current membership	1112	152	2066

Performance Of Libraries

Umjindi Municipal libraries Conditional Grant Allocations received from the Mpumalanga Department of Culture Sports and Recreation was spent according to the approved business plans as all the supply chain procurement procedures were done by the Department

Therefore all Conditional Grant Projects have been implemented successfully with all funds spend within the specific Financial Year. The following equipments were installed in Umjindi Libraries:

Name Of Library	Asset Name	Number Of Items	Amount
Emjindini	Head Count	1	R50,625,00
	Cubicle	6	R15,732,00
Low`s Creek	Head Count	1	R50,625,00
	Cubicle	6	R15,732,00
GRAND TOTAL			**R132,714,00**

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3.11 CEMETERIES

No new plot was opened at Emjindini cemetery. The paving of the entrance road to Emjindini cemetery was completed. Trees were also planted alongside the newly constructed paved road as part of greening.

Cemeteries current figures for 2011/2012

Emjindini Cemetery

Adult Buried	Reserved	Pauper	Indigent	Free	Children Buried	Indigent	Pauper	Free
320	5	19	47	1	21	4	1	1

Town Cemetery Plot 34

Adult Buried	Reserved	Double Grave	Indigent	Free	Children Buried	Indigent	Pauper	Free
23	1	1	0	0	0	0	0	0

Town Cemetery Plot C

Adult Buried	Reserved	Double Grave	Indigent	Free	Children Buried	Indigent	Pauper	Free
3	0	0	0	0	0	0	0	0

Cathyville Cemetery (Muslim Plot)

Adult Buried	Reserved	Double Grave	Indigent	Free	Children Buried	Indigent	Pauper	Free
1	0	0	0	0	0	0	0	0

Cathyville Cemetery (Indian Plot)

Adult Buried	Reserved	Double Grave	Indigent	Free	Children Buried	Indigent	Pauper	Free
4	0	0	0	0	0	0	0	0

Challenges

- There is an increasing demand from the needy community within Umjindi for the Municipality to render assistance with pauper burials as well as reduced burial fees for those that cannot afford the fees in the approved tariff structure. The system is sometimes abused but the challenges will be addressed through the Pauper and Indigent Burials Policy was presented to the council for recommendations. Councilors have since requested to interact further on Indigents Burial Policy.
- Plot MA is about to get full in 2013, New plot must be identify in time before the plot is full and the bush must be cleared (grass cutting and TLB for tree stumps removal)
- Lack of shelter for cemetery staff at Emjindini Cemetery.
- Crime and vandalism as the water pump was stolen 2 times together with tools.

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One new plot was opened at Emjindini cemetery namely plot **M.A.** The paving of the entrance road to Emjindini cemetery was completed. Trees were also planted alongside the newly constructed paved road as part of greening.

3.12 CARE OF THE AGED

Barberton Organisation For The Care of the aged is the home for the elderly people it is divided into two sections, THUTHUKAMJINDI assisted living and BOCA service centre. THUTHUKAMJINDI is a section that caters for the destitute elderly, they don't have family members, and at BOCA they do have family members although most of the children do not care about their parents.

At present the BOCA Centre houses 74 elderly and consists of 54 residential units. Ten flats are for the married quarters and the rest are single flats.

Four residents were placed to a frail care centre and six residents passed away during the financial year. The residential units are allocated according to the waiting list, and on the waiting list we have+- 46 people the flats are allocated to qualifying elderly according to the allocation criteria.

Events

- The human rights day on the 21 March 2011was celebrated at Emjindini hall; three hundred elderly people from the centers and from the location were invited. The following topics were discussed, Ageing, Alzheimer's, social grants and the older person's act.
- On the 15th of June 2011 we celebrated the world elder abuse day at Bobs center.
- On the 30th of July it was our small bazaar
- Our elderly participated in the national Shoprite competition for pretty things for little things competition, they do handwork for the orphans, and two of them won the first and the second price which was R2000.00 and R1500.00 in August 2011
- On the 21st of September 2011 the residents held workshop on the Alzheimer's.
- The Grand Parents Day Celebrations were held on the 11 October 2011 and entertainment was provided by local talented youngsters.
- On the 14th November we celebrated the world diabetic day
- On the 30 November it was our big bazaar
- On the 14th of December we had a Christmas party

- Block tea's are held each and every month to help them to socialize and to introduce new residents. They play bingo games once a month

Outings

- On the 15th of June we took the elderly to Kruger National park. The money was collected trough fundraising.
- They attended the provincial and the National games for the elderly and four of our elderly got gold medals in the following sporting codes, running, dark walk, and netball.

Fundraising

- Two fundraising events in the form of bazaars were held and the amount of R 18 177.00 was raised
- Another fundraising that was done, was to install the electric gate at C block
- Social development also fund the center with R80 000.00 per year

Re-registration of pension

SASSA visited the centre and twenty five elderly were assisted to renew their pensions. Eligible elderly were also registered in the indigent register of the Municipality.

General

- A counseling service is being rendered at the center and four residents received counseling on regular basis. A Physiotherapist also visits the center on a weekly basis and assists the elderly with exercises.
- Pastors are arranged on weekly basis for the spiritual care of the elderly
- The Nursing Colleges around Mpumalanga visits the center in order for the enrolled Nursing Students to complete their practical training in geriatric care.
- The BOCA Centre also has an outreach program and assisted the local luncheon clubs namely SikhulileMhola and GogoGwamile with advice, completion of subsidy claims and liaison with the Department of Social Development, SikhulileMhola later received funding from lotto. The Superintendent also assists to place local residents in frail care centers

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Reporting

- Monthly reports and statistics were submitted to Social development and the Assistant director health
- Quarterly reports were submitted every quarter to social development and to the assistant director health Umjindi Municipality.
- Quarterly claims were done every quarter.

Challenges

- Application was done to lotto and they regretted it because of our financial statement that was within Umjindi Municipality.
- Social development stopped our subsidy because our NPO certificate was missing, a new certificate was registered.
- Procurement is a problem because service providers are not paid in time.it got to a situation whereby they chase us away from their shops.
- Transport constraints as the kombi was at depot for the whole year.
- To get donors and funders because the center is under the Municipality

No of occupants

The occupants are 74

Waiting list

There are two waiting list for the married quarters and the singles

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COMPONENT E: ENVIRONMENTAL PROTECTION

3.13 PARKS

Achievements

Parks Development

Development of a Park was done at Ka-Koper extension 10 where an illegal dumping area was transformed to a play park with braai facilities. Trees and grass were also planted as part of the greening program that was introduced by the Honourable Premier two years back, aiming to keep Mpumalanga green and healthy.

Landscaping

Beautifying of the two main entrances to Barberton on the R40 road was done by BABOTIC in conjunction with Umjindi Municipality, this project has been completed. Umjindi Municipality is however still waiting for official hand over by the BABOTIC-group.

Challenges

- Vandalism of amenities in Parks which will discourage sponsors.

Grass cutting and garden maintenance

Regular maintenance work was done to the following areas

- Cemeteries –filling of sunken grave, grass cutting etc.
- Tennis Courts- grass cutting and etc.
- Soccer fields-grass cutting etc.
- Swimming pool - daily maintenance, grass cutting and etc.
- Open space, Parks, sidewalks and municipal buildings maintenance of gardens and grass cutting.

Regular maintenance was done under the Flagship of EPWP and COGTA where local community members were employed on six months contracts.

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Challenges

- Shortage of tractors from five to one tractor operating.
- Shortages of personnel since 2011 three staff members were on medical light duty.
- Expansion of the Municipalities new areas such as Emjindini Trust and Sheba Siding also require maintenance yet the capacity is still small.
- Shortage of petrol, nylon roll creates backlogs in grass cutting.
- Shortage of vehicles for transporting personnel and tools.

Nursery and Decorations

- Decorations are done for council functions and meetings on regular basis as per request
- Rental of plants is also done on regular basis as per request.
- Taking care of plants is done on daily basis.

Challenges

- Poor plants stock in nursery for upgrading gardens and for decoration
- The budget for Nursery propagation material, plant material stock has not been budgeted for since 2008 to this date. This result in poor nursery stock and material shortage.

Swimming Pool Facilities

Cathyville swimming pool still closed as well as Bugerville swimming pool was closed due to vandalism. Painting of Town Swimming pool and repairs of toilets as part of the GALA preparations was done.

Challenges

- To reopen Cathyville and Bugerville swimming pools as there is outcry from community.
- A cash flow problem makes it difficult to maintain facilities.
- Not enough or wrong chemical procured by supply chain creates water problem.
- Out dated equipment for cleaning of swimming pool.

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COMPONENT F: HEALTH

3.14 HIV/AIDS

Work Place Intervention

The HIV/ Aids Coordinator continuously counselled 23 Municipal employees on HIV/ Aids and 5 employees have been referred for ARV treatment.

Education Sessions

- Schools were visited to create awareness on drug and substance abuse.
- STI education sessions were conducted at Skhutsele, Emjindini Secondary, Ngwane Primary, Kwamhola secondary and Chief Funwako secondary school.
- On 21 March 2012, members of Avroyshlain were addressed on teenage pregnancy and sexuality education clinic for treatment.

Campaigns

- A HCT awareness was conducted at Mgababa on the 31 August 2011 and more than 200 people attended.
- Two radio slots on HIV and culture and 2 on HIV and unemployment were conducted at BCR
- Four radio slots on HIV and substance abuse were conducted at BCR fm.
- One radio slot was done at BCR on STI's and HIV on the 15 February 2012 at 11h00.
- Two drug and alcohol awareness sessions were conducted at Jerusalem Church, Extension 10 for women from different churches.
- A workshop on women in entrepreneurship was done on the 31 August 2011 at Emjindini Hall and 280 women attended.
- Two women's day celebrations were conducted at Correctional Services, one at the Juvenile Centre and one at Correctional Service Hall and the theme was women and HIV and AIDS.
- A joint venture with SAPS on substance abuse was conducted at KaMhola Secondary and four learners were found in possession of dagga and two community members who were the dealers were arrested.

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- Five awareness on sixteen days of activism and HIV and AIDS were conducted as follows:
 - 26th November 2011 Edwaleni Church
 - 1st December 2011 TB specialized hospital
 - 2nd December 2011 Lowscreek clinic
 - 8th December 2011 Medium B prison
 - 14th December 2011 Barberton town prison
 - 24 December 2011 Sheba Siding
 - 28th December 2011 Glenthorpe
- 6 HIV counseling campaigns were held at Extension 11 Glenthorpe, Phumula resort and Lomshiyo Tribal Authority and a total of 417 people attended.
- One TB day was held at Louiville Clinic on the 23rd March 2012
- Two STI's awareness campaigns were conducted on the 22 February 2012 at Emjindini Hall and on the 25 February 2012 at Alliance Church, targeting school going youth and parents.
- 5 Education sessions were held at Chief Funwako, Skhutsele School, Ngwane Primary, Emjindini Secondary School and Kwamhola Secondary School.
- 5 Schools were visited to create awareness on drug and substance abuse.
- STI education sessions on HIV and AIDS were conducted at Skhutsele, Emjindini Secondary, Ngwane Primary, KaMhola secondary and Chief Funwako secondary school.
- Three candle light ceremonies were conducted at the Maximum B prison and Emjindini Hall for the local schools and at Skhutsele Primary School.

Support For Npo's And Ngo's

- Thuthukani HBC was assisted with compiling their business plan and constitution.
- A new HBC was established at Lows Creek and they were assisted to register as a non-profit organization.
- Support visits for drop in centers were done at Thandanani and Mlambongwane.
- Support visits were done to three HBC and three drop in centers.
- A Home Based Care Forum was established on the 23 September 2011.
- A Home Based Care forum meeting was held on 22 February 2012.

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Training

- -Training on STI's for the peer education group, was done on 22 September 2011.
- -Thirty six Traditional Healers were trained on HIV, STI's, PMTCT, DOTS and HTC on 26 and 27 June 2012.

Support Group Visits

- Four support groups were visited and training was done on male circumcision. One support group was given seeds for their vegetable garden.
- 25 support group members were trained on what a support group is and the role they should fulfil.
- 4 Support groups were visited for the purpose of monitoring their activities. The challenge that was experienced was the mismanagement of funds.
- 4. Support group visits and training undertaken:
- 3 Support groups were visited and information on STI's and cervical cancer were discussed

Projects

- 7 troop meetings for the for TCE project were supported
- Thirty six TCE field officers were trained on counselling and testing. Twenty five of the thirty six field officers were assessed on their knowledge and ability to do the awareness amongst the community.
- A convention on positive living was held on 15 May 2012 and 260 people attended. The event was blessed by the Executive Mayor.

Local Aids Council Meetings

- The Aids Council meetings were held on the following dates namely 15 September 2011, 17 November 2011, 23 February 2012 and 31 May 2012 in the Town Hall.
- SHIPP (sexual prevention programme) joined the Aids Council in the meeting held on 23 February 2012 and made a presentation to the Council. During the presentation of SHIPP, no political leadership was present and this could hinder the progress for SHIPP in Umjindi.
- The District Aids Lekgotla was held and 21 Aids Council members, the Director Community Services and 6 Councilors attended. Umjindi was found to be the second best performing Local Aids Council in the district.

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Strategies And Polices

Mainstreaming on integration of HIV/ Aids plans and policies in all projects is contained in the score cards of Section 57 managers but implementation is not taking place.

Challenges:

- The mainstreaming of HIV/ Aids activities within departments in the Municipality does not take place although it is contained in the Departmental Scorecards of the departments.
- The budget allocated to the HIV unit is not sufficient compared to all the projects that can be undertaken.
- The lack of support staff in the HIV and AIDS Unit. A request was forwarded during the compilation of the budget but due to financial constraints this need could not be met.
- Lack of promotional material in the HIV and Aids Unit. The unit relies on joint campaigns with other departments and organizations.
- Appropriate conferences and planned training courses for staff could not be attended due to financial constraints.

COMPONENT G: SECURITY AND SAFETY

3.15 DISASTER MANAGEMENT

A satellite Disaster Management Centre has been established but the network system is still incomplete. Ehlanzeni District Municipality has been approached for assistance. A draft Disaster Management Plan for Umjindi was developed and will be tabled before Council for approval.

On 8 October 2011 an informal housing structure on stand 7958 Extension 14 burnt down completely and none of the household goods could be recovered.

An awareness campaign on fire prevention was held on 2 November 2011 at Skhutsele Combined School in conjunction with Ehlanzeni District Municipality. The event was well attended by community members.

On 28 November 2011 the house of Mr R Manyisa at stand 337 Sinqobile burnt to ashes and he escaped from the house with minor injury.

Heavy rains occurred between 16 and 19 January 2012 which caused damage to 46 informal houses to such an extent that they were no longer suitable for occupation.

The Provincial Disaster Management Centre assisted Umjindi Municipality by making 160 blankets, 20 tents, and water purification chemicals available. It was also approved that 40 structures be re-built. At a later stage an additional 60 structures were approved to also be re-built. A great deal of assistance was also rendered by the Department of Social Development and the Red Cross during this natural disaster.

On 28 January 2012 an informal housing structure in Phola Park belonging to Mr M Nkosi was burnt.

An incident of arson occurred on 5 February 2012 at Sheba Siding and on 4 March 2012 the garage of a house at stand 36 White City burnt.

On 6 March 2012 house number 131 at Msolozi burnt to ashes. Mr Mahlalela's family was assisted by a local building contractor to re-build their house.

Challenges:

- The building and establishment of a Disaster Management Centre was successful but the furnishing and installation of equipment is a challenge. The Municipality does not have the necessary funds to equip the building. The Municipality has engaged Ehlanzeni District Municipality to render assistance.

Complaints Received And Attended /Not To			
Complaints	Received	Attended	Not Attended
Emergency	297	231	66





COMPONENT H: SPORT AND RECREATION

3.16 SPORT AND RECREATION

Construction of phase two of the multipurpose sport court at Ext 9 Park was completed including the sanitation/ ablution block facilities.

The Sport Development Officer post- contract ended on 30/06/2011 is still vacant but attached to the Municipal Manager's office as per the new organogram. The annual mountain bike challenge and paragliding competition took place as usual.

Sports Events

The Umjindi sports and recreational council host the following events

Umjindi Race

The race manages to have more than 200 runners who were participating in preparation for the comrade marathon. It was the big success even thou on the site of the municipality not enough support were received

Youth camp

It was a provincial event and our sports council manages to send 23 young people who represent our municipality. We send both males and female and the race was represented.

Ligwalagwala Sunday school Rally

Children of our community were lucky when Ligwalagwala was around town in closing their year for young children.

Old mutual

The sports council partner with old mutual in organizing games for workers around Umjindi.
The games were held at prison farm where many departments took part.
The following department were present: Department Of Correctional Services, Public Works, Health, EMS, Nkomati Mine, Department Of Education

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Elderly

The Ehlanzeni games for elderly were hosted at our municipality where the team for Mpumalanga was selected. During the games umjindi team manage to won the games on the day

Two youth course swimming

Two young people were chosen to go and attend 5 day course for swimming

Sports against crime

The sports council with the assistance of the SAPS we hosted sports against crime at Ext 11 KaKoperi Ground

Ward & municipality games

Umjindi hosted games for volleyball for all the ward and four teams two males two female were selected and they will represent our municipality on the 19th of January 2013

Challenges of Sports Council

- The lack of sponsorship and funding to for various leagues has been a thorn in the development of sports in the municipality.
- The USRC had noted with concern that most sponsorship are secured by the white federations and this create a serious challenge in developing sporting codes for the disadvantage group thus black community.
- The Municipality always overlooks the USRC when Federations makes request to host games by granting permission without referring those request to the USRC for approval.
- USRC had challenges of transporting the teams from their various locations to the venue of elimination due to lack of funds by the teams and USRC.
- The non-availability of the municipality sport coordinators has negative impact towards development of sports more especially for female participants.
- Shortage of facilities and equipment in fulfilling our mandate

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Umjindi Sports Facilities

Sports field	Number	Condition
Stadium	02	01 Bad 01 Coronation park
Open grounds	13	Bad
Netball court	04	02 bad (Verulum Emjindini trust) 02 good condition
Tennis court	03	02Good 01 bad Cathyville
Volleyball court	01	Good
Multi coded field	01	Still in construction
Indoor sports complex	01	Bad
Swimming pools	03	01 good 02 bad

- Other sports facilities are under the schools and are at the schools premises.
- The indoor sports complex is utilised by different sporting codes i.e.,: Gymnasium, Boxing, Dance, Aerobics, Elderly and Community at large
- The gymnasium was donated by the national department of sports to the sports council for the benefit of the community. The sports council is overseeing the equipment and the gymnasium club is responsible for the day to day of the gym equipment as there are the affiliates of the sports council.
- The boxing ring was donated by the sports trust to the sports council for the benefit of the community of Umjindi. It is being used by the boxing club that is under the leadership of Mr. Sakhi Mthunywa and the club is affiliated to the local sports council and the taekwondo club is utilizing the boxing ring for sparing of karate.
- The boxing ring is being utilized by the community and it's useful to those who are using it even if they share it
 - The equipment is in good condition but there's a shortage of other gym equipment's as the community is aware of the gym and the space is becoming too small to cater for the community.

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COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.17 EXECUTIVE AND COUNCIL

The Municipality operates within an Executive Mayoral System combined with a Ward Participatory System. It has 9 Wards and 14 Councillors with an Executive Mayoral Committee consisting of three members. Ward Councillors chair ward committees that are responsible for discussing local concerns.

The Council meets every three months to consider un-delegated matters from the Mayoral Committee. Section 80 Committees and Mayoral meets once a month to consider recommendations from Management and resolve matters according to the delegated powers.

Number of Meetings Held	
Ordinary Mayoral Committee	10
Special Mayoral Committee	7
Ordinary Council Meetings	3
Special Council Meetings	7
Section 80 meetings - Administration and Finance	10
Section 80 meetings - Technical	10
Special Section 80 meetings - Administration and Finance	8
Special Section 80 meetings - Technical	1

In the last financial year 2011/2012 Council sittings were planned of which all were convened. This is a clear indication that in the last financial year the governing institutions of the Municipality were functioning effectively. Attendance of these Council meetings by the various Councillors reflect a majority attendance as there were no meetings that did not sit due to none attendance. The Mayor showed clear leadership as he attended all Council meetings and all Committee meetings for which he is responsible. The majority of councillors in the Municipality also showed a 90% attendance rate for all Council and Committee sitting's.

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CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

The Municipal Structure for 2011/2012 was amended after Yarona Consulting Company was appointed and approved by the Umjindi Local Council during 2010/2011. Umjindi Local Municipality has seen a growth of 315 employees during the 2011/2012 financial year across all departments within the Municipality.

In June 2012, there was a total number of 27vacancies that have not been filled, primarily due to a moratorium on filling vacancies but also due to resignations and the amendment of the Placement policy which delayed the Placement policy in dealing with placement of employees

Vacancy Rate 2011/2012

Designation	Total Approved Posts	Vacancies (Total Time That Vacancies Exist Using Fulltime Equivalent)
Municipal Manager	1	0
Chief Financial Officer	1	5 MONTHS
Other Section 56 Senior Managers	1	3 Positions filled in the 1st quarter of 2011/2012 (have been vacant for 4years)
Highly skilled supervision (Critical And Scarce Skills Posts)	2	5 MONTHS

Turnover

Financial Year	Total Appointment As of beginning of a financial year	Terminations (Deaths, retirements and dismissals and medical boarding) During the financial year	Turn-Over Rate
2009/2010	11	22	0.78%
2010/2011	19	22	0.80%
2011/2012	65	18	0.57%

Comments on Vacancies and Turnover

The position of MM became vacant in the first quarter of the new financial year. 1 July 2012.
The position of CFO was vacant for a period of 10 months (From 1 February 2011 to 30 November 2011.)

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

Umjindi Local Municipality acknowledges that its most important assets are its employees. Without the employees Umjindi Local Municipality will not be able to maintain the high level of service delivery. As with asset management, the employees or workforce also has been managed effectively so as to reap the rewards enjoyed by Umjindi. Despite a challenging economy, the employees tried to do their best in achieving the set targets. This is achieved through proper human resources processes and procedures aligned to Section 67 of the Municipal Systems Act (Act 32 of 2000), which ensures compliance to the development and adoption of appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration.

On commencement with employment at Umjindi Local Municipality, new employees undergo an Induction Programme and a copy of the Council's conditions of service and code of conduct is given.

The workforce is managed though the implementation and review of Human Resources policies and programmes, importantly, Umjindi Local Municipality has a Local Labour Forum which is not fully operational.

To ensure this relationship is maintained, any and all changes in procedures or policies that serve at the Local Labour Forum to ensure that Labour is updated with amendments, procedures or systems.

In light of the above, the following processes, policies and procedures are used to assist with the management of staff. The LLF Committee attended a workshop on functions of LLF organized by South African Local Government Collective Bargaining Council in the financial year under review.

1. Performance Management System

Performance management is a critical instrument that helps create a motivational climate for achieving high standards of performance. Performance management forms part of the strategic management approach within the municipality, aimed at ensuring that the organization is strategy-led and that key systems such as planning, budgeting and performance management are integrated.

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This approach enables the municipality to plan and budget better, monitor and measure performance more effectively, and report on achievements in a transparent and convincing manner.

A budget implementation plan was developed and approved by Council to monitor progress on approved budget. The departmental scorecards for 2011/2012 were approved before the beginning of the financial year. Quarterly reports were submitted to Council to monitor performance of all the departments.

Assessment is done on those reports to check whether performance is in line with the set targets or not. Where there is under performance, corrective measures are put in place to improve performance.

In the year under review the vacant positions of four directorates were filled in March 2012, they were the directorates of Financial, Corporate, Community Services as well as Director Administration. The Municipal Manager and all Section 57 employees had performance agreement in place, which forms the basis of their performance reviews.

The financial year under review also saw the Municipality implementing minimum Competency requirements as in line with the Municipal Regulations on Minimum Competency Requirements (Gazette No.29967 of 15 June 2007) These Regulations prescribe minimum competency requirements for senior officials as well as municipal finance officials and supply chain managers.

2. Employee Assistance Programme (EAP)

In its strive to sustain a well and healthy workforce, Umjindi Local Municipality has an Employee Assistance Programme conducted by Careways Group which is a workplace based programme designed to assist in the identification and resolution of productivity and psycho-social problems which may negatively affect the work performance of employees.

The objectives of an Employee Wellbeing Programme are:

- To provide individual support (counseling) to employees whose wellbeing and performance has been affected by personal or work related issues.
- To act as a supportive tool for managers in addressing performance related problems.

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- To empower employees with the relevant knowledge and skills to enhance their general wellbeing in order for them to make informed choices and decisions this will impact positively on their personal and professional lives.
- To increase staff retention
- To optimize working relationships amongst staff.

Serious cases affecting employees and management are outsourced for professional assistance in appropriate circumstances.

Services rendered under it are:

- Face to face counselling on:
- Work related issues such as absenteeism;
- Stress management;
- Alcohol and substance abuse;
- Ill Health Management;
- Psycho-social problems;
- Financial life skills;
- Trauma debriefing;
- Bereavement counseling;
- Marital and family distress;
- Child maintenance, etc.

It has proven to be a successful tool and many of our employees are voluntarily using it to their benefit.

Umjindi Local Council has a dedicated HIV/AIDS Committee whose main objective is to promote the well-being of employees by providing Council with the information of employee' various health and wellness issues but focusing on HIV/AIDS and related illnesses.

This focus resolves around the following key elements of an Employee Wellness Programme:

- To be responsible for the Health & Wellbeing of employees through, awareness programmes, education, training, referral of employees, Management referrals etc.

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3. Labour Relations

Workforce management is almost impossible in the absence of sound discipline within the workplace. Umjindi Local Municipality's labour relations section function is to bring about sound employer-employee relationship In essence the objectives of this particular function are as follows:

- Ensure compliance with applicable relevant legislative requirements e.g. Labour Relations Act, Basic Conditions of Employment Act, Employment Equity etc.
- Maintain good work relations with recognized Unions within the workplace.
- Ensure fully functional Local Labour forum and its operational systems. It consists of subcommittees dealing with Human Resources Development, Workplace and Services Restructuring and Basic Conditions.
- Ensure adherence to collective agreements applicable to Municipalities as agreed to at the Local Government Bargaining Council.
- Ensure that discipline is corrective and progressive, and not merely punitive
- Processes and procedures are in place for the internal resolution of grievances which have the potential for litigation against Council in the form of disputes.
- Processes and procedures are in place for the effective administration of disciplinary procedures in accordance with the Disciplinary Code.

Organizational Rights Agreements is adhered to by having Shop Stewards elected by the two Unions of the Municipality with all their activities regulated by the Main Collective Agreement.

Employment Equity

In compliance with the Employment Equity Act, Act 55 of 1998, Umjindi Local Municipality developed a five year Employment Equity Plan, starting from 2012 to 2015 June as the previous Equity Plan lapsed and a new Employment Equity Plan was compiled and submitted to LLF and will have to be approved by Council in the 2012/2013 Financial Year. The progress made with regard to Employment Equity is quarterly reported to Council and annually reported to the Department of Labour.

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4.3 INJURIES, SICKNESS AND SUSPENSIONS

1. Occupational Health and Safety

To ensure a healthy and safe working environment, Umjindi Local Municipality complies with the Occupational Health and Safety Act and has a fully functional Health & Safety Committee which meets quarterly to address health and safety issues facing the municipality.

Furthermore, the municipality complies with legislation in terms of:
- Legal appointments of the Municipal Manager in terms of 16.1 of the Act, including Managers reporting directly to the Municipal Manager in terms of 16.2 of the Act, has been done.

Employees who are injured on duty receive special leave and such leave is not deducted from their sick leave credit. When an incident is reported by the Safety Representative and or Supervisor to HR, the incident is seldom investigated in the absence of the OHS Officer

The Safety Officer will be appointed in the third quarter of next financial year. The incident and the action taken are reported at the Occupational Health and Safety Meeting that have quarterly meetings and makes recommendations to management. Major and serious injuries are referred to a Local Hospital that accepts Compensation cases. The required process is followed in terms of follow-up visits i.e. first medical report, progress report, resumption report and final medical report.

For injuries where longer absence from work is expected or recommended, the municipality closely monitors the absence and the employee's Pension or Gratuity Fund is also informed that the employee has sustained a serious injury.

Health and Safety Representatives were trained and appointed for a period of three years as per the OHS Act. Outstanding was the appointment of Occupational Health and Safety Representatives.

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2. Injuries

Number Of Cost Of Injuries						
Type of injury	Injury leave taken Days		Employees using injury leave Number		Proportion of employees using sick leave %	Average injury leave per employee Days
Minor or Major Injury	4 days Minor	15 days Major	1 employee	1 employee	Total number of sick leave taken 2011/12 (1395 days)	2days
Temporary total disablement	0		0		0	0
Fatal	0		0		0	0
Total	19 days		2 employees			

4.4 PERFORMANCE REWARDS

Umjindi Local Municipality has a performance evaluation system in place for Section 56 employees, and as envisioned in the 2010/2011 Annual Report that this process will be cascaded in terms of the Systems Act.

However the cascading down of Performance Management System to lower post levels still poses a serious challenge. The matter is still being debated at the Local Labour Forum comprising of IMATU, SAMWU, Council and management representatives but with failure, the thorny issue being the reward system for outstanding performance. This problem needs to be attended at the Divisional Bargaining Council

In the interim the policy on performance recognition and rewards are still implemented only to section 56 Senior Managers.

The municipality does not have a Performance Managements Systems Task Team in place, however the. Municipality's External Audit Committee is responsible for the auditing of all scorecards of all Section 57 officials.

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COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

The municipality has been experiencing challenges in attracting & retaining skilled technical staff such as Electricians and Town planners, etc. Employees that are recruited from outside in the afore-mentioned areas do not stay long in the Council and as such cost Council in terms of advertising costs due to scarcity and criticality of their skills.

On completion of the training, employees are expected to work back a three years–service to the Council. This ensures that Council immediately taps onto the skills and competencies acquired by the employee through such training.

Study Assistance is also available to employees who want to pursue their academic studies that are relevant to their Personal Development Plan. Successful applicants also enter into an agreement to work back-three years' service to the Council for every year of financial assistance that they receive

4.5 SKILLS DEVELOPMENT AND TRAINING

The management of Umjindi's workforce is also achieved through skills programmes aimed at capacitating employees and provide career guidance and support. Umjindi Local Municipality, annually, submits a Workplace Skills Plan (WSP) and Annual Training Report (ATR) as required by the Skills Development Act to the Local Government Sector Education and Training Authority (LGSETA).

During the 2011/2012 financial year these documents were submitted to LGSETA and Umjindil received the necessary mandatory grants to further skills development iniatives within the Council.

The WSP contains training needs and requests received from all sections and departments within the municipality. The annual training budget for the period under review was managed by Human Resources. 100% of the annual training budget was spent.

Study Assistance

Umjindi Council provides employees, as a component of skills development, with an opportunity to further their formal studies through study assistance scheme. This initiative motivates employees to study and sharpen their academic knowledge which enables them to perform their duties better in the workplace. It also helps in ensuring that Umjindi Council employees are properly skilled.

Due to cash flow challenges, approval of applications for study assistance was limited to employees who are continuing with the programmes funded by government stakeholders
Below is a table describing Skills Development as in line with the Employment Equity plan report for 2010-2011 which was submitted on 30 September 2009

The municipality is currently drafting the Employment Equity Plan It has however been noted that most senior positions are occupied by male incumbents and there is an effort to appoint persons from PDI group.

Below is a table describing Skills Development as in line with the Employment Equity plan report for 2010-2011, which was submitted on 30 September 2010.

The municipality is currently drafting a new Employment Equity Plan. It must however be noted that most senior positions are occupied by male incumbents and there is an effort to appoint persons from PDI group.

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Skills Development

The table below indicates s the number of employees from designated groups (excluding people with disabilities) who received training solely for the purpose of achieving the numerical goals, and not the number of training courses attended by individuals as at 30 June 2011

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	1	4	0	0	1	0	0	6
Senior Management	2	0	0	1	1	0	0	0	0	0	4
Professionally qualified and experienced specialists and mid-management	6	0	0	1	3	0	0	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	2	0	0	0	0		0	4
Semi-skilled and discretionary decision making	10	1	0	0	0	5	0	0	0	1	17
Unskilled and defined decision making	20	0	0	0	5	0	0	0	0	0	25
Total Permanent	40	1	0	5	0	18	0	2	1	0	66
Non Permanent Employees	0	0	0	1	1	0	0	0	0	0	10
TOTAL	40	1	0	5	18	0	1	2	1	0	66

The table below indicates s the number of employees from designated groups **with disabilities** who received training solely for the purpose of achieving the numerical goals, and not the number of training courses attended by individuals as at 30 June 2011

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	1	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	1	0	0	0	0	1
Total Permanent	0	0	0	0	0	1	0	0	0	0	1
Non Permanent Employees	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	1	0	0	0	0	1

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COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.7 EMPLOYEE EXPENDITURE

1. **Skills Development and Related Expenditure and on the Financial Competency Regulations**:

An internal skills audit is conducted for all employees in the second quarter of the financial year. The results of the skills audit inform the compilation of the Workplace Skills Plan (WSP) for the municipality. An implementation Plan is then developed wherein the various training activities are scheduled for the year.

For the year under review, _____was actually spent on training. The training budget was limited in financial year under review and there were cash flow challenges. To measure the impact of training conducted, a sample in order to meet the 2013 deadline for the MFMA Competency Regulations as gazette on 29967 of 2007, one Sec.56 Manager and one municipal finance official are currently in the process of being compliant to the Regulations and will complete towards the end of the second quarter of the next financial year.

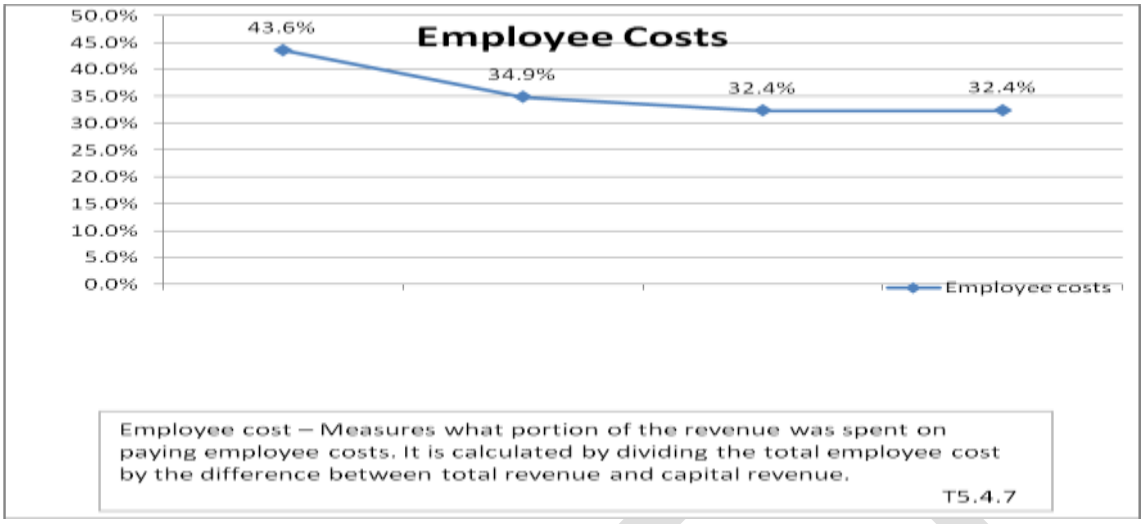
Umjindi Municipality was granted an extension in terms of the Special Merit Case to meet the prescribed Minimum Competency levels by July 2014. An action plan with motivation was submitted as part of Annexure B, and six monthly report will be submitted to Provincial treasury

2. Disclosures of Financial Interests

All councilors, Section 56-appointees and officials are annually disclosing financial interests in terms of:

- Shares and other financial interests;
- Directorships and partnerships (spouse and family members included);
- Remunerated work outside the municipality;
- Consultancies and retainer ships;
- Sponsorships;
- Gifts and hospitality from a source other than a family member
- Land and property ownership;
- Vehicle(s) owned;
- Participation in elections

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Ratio	Basis of calculation	08/09	09/10	10/11	Current Year Audited
Employee costs	Employee costs/ (Total Revenue - capital revenue)	43.6%	34.9%	32.4%	32.4%
Salaries		43,750,188	43,942,271	50,315,242	56,569,772
Income		108,171,824	144,898,876	181,717,130	221,390,289
Capital Grants	DME	4,000,000	4,778,486	12,681,514	12,784,000
	MIG	3,906,922	14,271,309	13,662,169	30,045,094
	Other capital				2,796,798
	Other capital(DWA)				1,150,000
Total Revenue		100,264,902	125,849,081	155,373,447	174,614,397
		43.6%	34.9%	32.4%	32.4%

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CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
Description	**2010/2011**	**Current year 2011/2012**			**2011/12 Variance to actual**	
	Actual	**Original Budget**	**Adjusted Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Financial Performance						
Property rates	15,838,059	16,644,156	16,644,156	17,685,442	6%	6%
Service charges	82,357,747	93,737,275	93,737,275	90,402,268	-4%	-4%
Investment revenue	634,335	550,000	550,000	561,807	2%	2%
Transfers recognized - operational	64,691,846	80,894,750	80,894,750	94,206,397	14%	14%
Other own revenue	18,195,143	18,780,193	-5,285,000	18,534,375	-1%	129%
Total Revenue (excluding Capital transfers & contributions)	181,717,130	210,606,374	186,541,181	221,390,289	5%	16%
Employee costs	-50,315,242	-60,434,769	-60,434,769	-56,569,772	-7%	-7%
Remuneration of councillors	-4,050,657	-5,576,077	-5,576,077	-4,605,297	-21%	-21%
Depreciation & asset impairment	-24,936,453	-55,000,000	-55,000,000	-25,020,480	-120%	-120%
Finance charges	-2,755,186	-6,526,230	-6,526,230	-875,370	-646%	-646%
Materials and bulk purchases	-39,780,391	-48,820,000	-48,820,000	-51,179,127	5%	5%
Transfers and grants	0	0	0	0		
Other expenditure	-7,623,130	-88,186,443	-975,287	-71,202,904	-24%	99%
Total Expenditure	-129,461,059	-264,543,519	-177,332,363	-209,452,950	-26%	15%

Financial Summary						
Description	**2010/2011**	**Current year 2011/2012**			**2011/12 Variance to actual**	
Surplus/(Deficit)	52,256,071	-53,937,145	9,208,818	11,937,339	552%	23%
Transfers recognized - capital		0				
Contributions recognized - capital & contributed assets	0					
Surplus/(Deficit) after capital transfers & contributions	52,256,071	-53,937,145	9,208,818	11,937,339	552%	23%
Share of surplus/ (deficit) of associate	0					
Surplus/(Deficit) for the year	52,256,071	-53,937,145	9,208,818	11,937,339	552%	23%
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognized - capital						
Public contributions and donations						
Borrowing						
Internally generated funds						
Total sources of capital funds	0	0	0	0		
Financial position						
Total current assets	39,972,462	39,972,462	39,972,462	45,933,169	13%	13%
Total non current assets	794,613,259	794,613,259	794,613,259	805,097,391	1%	1%
Total current liabilities	52,036,180	52,036,180	52,036,180	51,717,861	-1%	-1%
Total non current liabilities	19,092,942	19,092,942	19,092,942	23,783,579	20%	20%
Community wealth/Equity	763,456,599	763,456,599	763,456,599	775,529,120	2%	2%
Cash flows						
Net cash from (used) operating	93,287,820	93,287,820	93,287,820	38,468,121	-143%	-143%
Net cash from (used) investing	-61,356,909	-61,356,909	-61,356,909	-36,813,502	-67%	-67%
Net cash from (used) financing	-18,088,599	-18,088,599	-18,088,599	-1,842,478	-882%	-882%

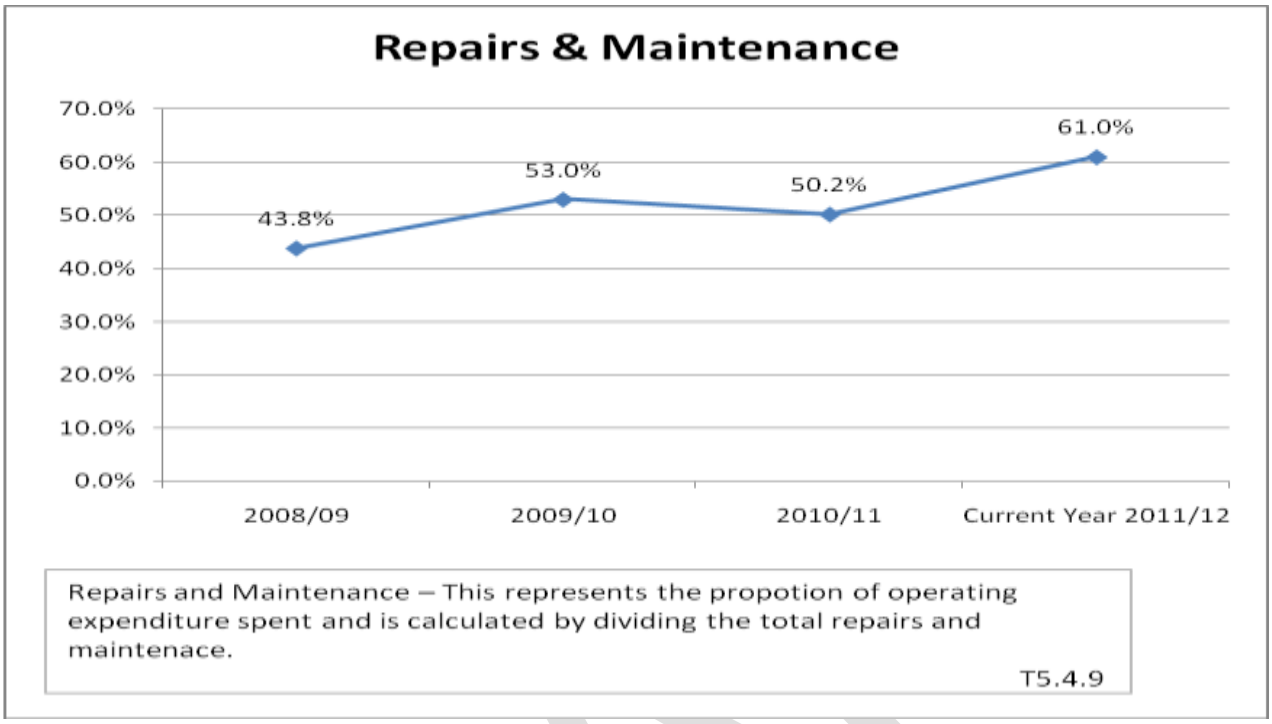
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Cash/cash equivalents at year end	13,842,312	13,842,312	13,842,312	-187,859	7468%	7468%
Financial Summary						
Description	**2010/2011**	**Current year 2011/2012**			**2011/12 Variance to actual**	
Cash backing/surplus reconciliation						
Cash and investments available	-3,135,032	0		10,707,280	100%	100%
Application of cash and investments						
Balance - surplus (shortfall)	-3,135,032	0	0	10,707,280	100%	100%
Asset management						
Asset register summary (WDV)	687,381,987	0		697,837,063	100%	100%
Depreciation and asset impairment	24,936,453	55,000,000	55,000,000	25,020,480	-120%	-120%
Renewal of Existing Assets						
Repairs and Maintenance						
Free services						
Cost of Free Basic Services provided	5,380,000	6,897,000	6,897,000			
Revenue cost of free services provided	8,141,000	10,122,000	10,122,000			
No. of Households below minimum service level						
Water						
Sanitation/sewerage						
Energy						
Refuse						

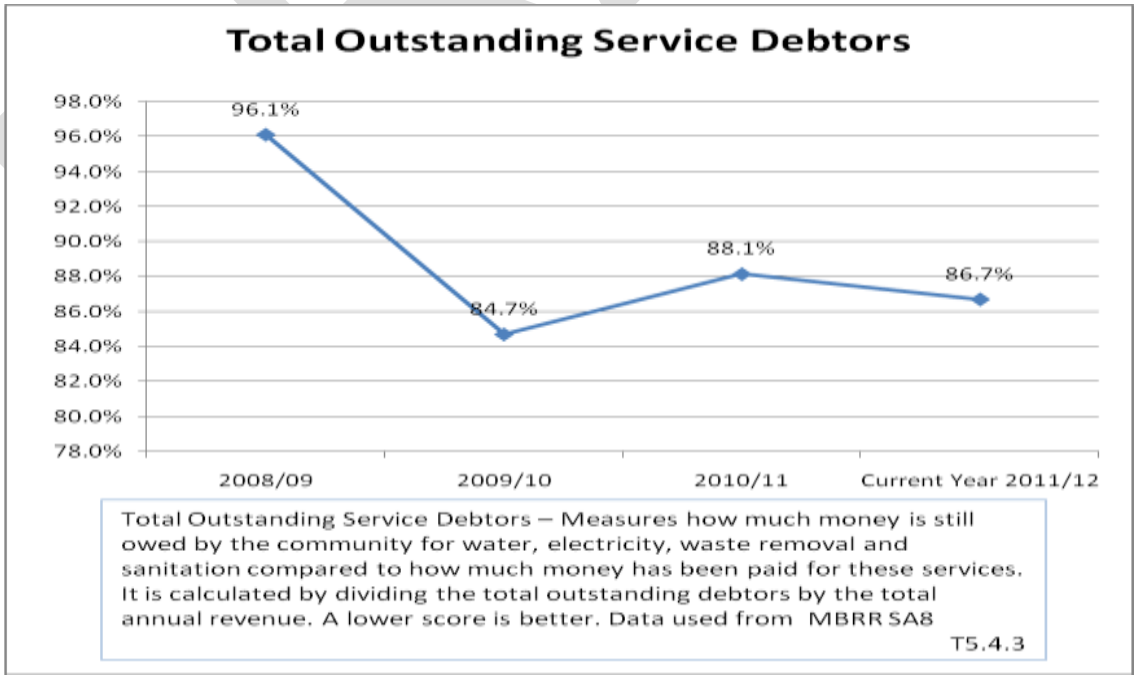
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1 T5.1.1

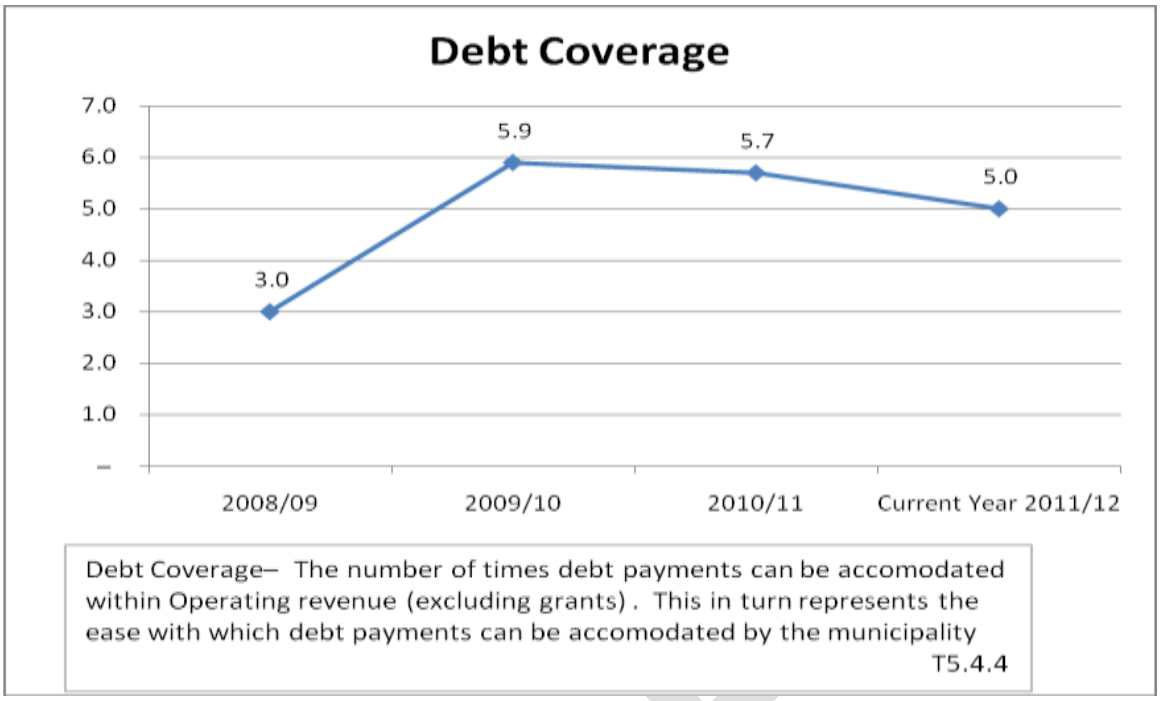
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5.2 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Ratio	Basis of calculation	08/09	09/10	10/11	Current Year Audited
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	43.8%	53.0%	50.2%	61.0%





Ratio	Basis of calculation	08/09	09/10	10/11	current year audited
O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	96.1%	84.7%	88.1%	86.7%
Ratio	Basis of calculation	08/09	09/10	10/11	current year audited
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	3.0	5.9	5.7	5.0

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

Capital Expenditure - Funding Sources - 2011/12							
Details		2010/11	2011/12				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies		46	46	46	0.00%	0.00%
	Other		3	3			
Total			**49**	**49**	**46**	**-5.63%**	**-5.63%**
Percentage of finance							
	External loans		0.0%	0.0%	0.0%		
	Public contributions and donations		0.0%	0.0%	0.0%		
	Grants and subsidies		94.7%	94.7%	100.0%	5.33%	5.33%
	Other		5.3%	5.3%	0.0%		
Capital expenditure							
	Water and sanitation		20	20	20	0.00%	0.00%
	Electricity		24	24	24	0.00%	0.00%
	Housing						
	Roads and storm water		2	2	2	0.00%	0.00%
	Other		3	3			
Total		**–**	**49**	**49**	**46,357,37**	**-5.63%**	**-5.63%**
Percentage of expenditure							
	Water and sanitation		41.2%	41.2%	43.5%	5.33%	5.33%
	Electricity		49.9%	49.9%	52.7%	5.33%	5.33%
	Housing		0.0%	0.0%	0.0%		
	Roads and storm water		3.6%	3.6%	3.8%	5.33%	5.33%
	Other		5.3%	5.3%	0.0%		

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5.4 SOURCES OF FINANCE

Assessments Of Grants

Grant Summary		Sebata Fms	Budget	(Y.T.D)
2011/2012		Vote Numbers	2011/2012	2011/2012
International Electrification Program Grant				
Inep	Income	0601/1659/0000	12,745,722.00	12,784,000.00
Inep	Expenditure	0601/4358/000	12,745,722.00	12,784,000.00
	Unspend		0.00	0.00
Municipal Finance Management Grant				
Mfmg	Income	0201/1653/0000	1,250,000.00	1,250,000.00
Mfmg	Expenditure	0201/4351/0000	1,250,000.00	1,250,000.00
	Unspent		0.00	0.00
Municipal Systems Improvement Grant				
Msig	Income	0201/1657/0000	790,000.00	1,137,418.22
Msig	Expenditure	0201/4355/0000	790,000.00	1,137,418.22
	Unspent		0.00	0.00
Expanded Public Works Incentive Programme				
Epwp	Income	0505/1605/0000	500,000.00	1,873,153.44
Epwp	Expenditure	0505/4363/0000	500,000.00	1,873,153.44
	Unspent		0.00	0.00
Department Of Water Affairs Grant				
Dwa	Income	0540/1651/000		1,149,999.98
Dwa	Expenditure	0550/6051/0000		1,149,999.98
	Overspent		0.00	0.00
Disaster Relief Grant				
Disaster Relieve Grant	Income	0431/1673/0000		5,674,120.00
Disaster Relieve Grant	Expenditure	0431/4395/0000		2,796,798.44
	Unspent			2,877,321.56
Municipal Infrastructure Grant				
Mig	Income	0000/1655/0000	22,407,000.00	30,044,600.08
Mig	Expenditure	0000/4353/0000	22,407,000.00	30,044,600.08
	Unspent		0.00	0.00
	TOTAL UNSPENT FOR PERIOD			**2,877,321.56**

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Grant Performance						
Description	2010/2011	2011/2012			2011/12 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	**38,339**	**50,295**	**51,378**	**51,371**	2%	0%
Equitable share	36,584	42,081	43,164	43,164	3%	0%
Municipal Systems Improvement	403	790	790	1,137	31%	31%
Department of Water Affairs	-			1,150	100%	100%
Levy replacement	-					
Other transfers/grants [FMG)	879	1,250	1,250	1,250	0%	0%
Other transfers/grants [EPWP)	473	500	500	1,873	73%	73%
Other transfers/grants [DISASTER RELIEF GRANT)		5,674	5,674	2,797	-103%	-103%
Provincial Government:	-	-	-	-		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
District Municipality:	-	-	-	-		
Other grant providers:	-	-	-	-		
Total Operating Transfers and Grants	**38,339**	**50,295**	**51,378**	**51,371**	2%	0%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. T5.2.1

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5.5 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Delivery Backlogs									
Water									
	Required	**Budgeted**	**Actual**	**Required**	**Budgeted**	**Actual**	**Required**	**Budgeted**	**Actual**
	30 June 2010			**30 June 2011**			**30 June 2012**		
Backlog to be eliminated (Households not receiving minimum Standards of service)	11 234 124	0	2840	12 634 124	1 565 000.00	2840	83 000 000	0	2840
Back log to be eliminated (% Households identified as backlog / total Households	N/A	N/A	13%	N/A	N/A	11%	N/A	N/A	11%
Spending on new infrastructure to eliminate backlogs.	11 234 124	0	0	12 634 124	1 565 000.00	949 299.40	83 000 000	10 616 709.17	10 616 709.17
Spending on renewal of existing infrastructure to eliminate backlog	51 000 000.00	8 236 107.00	8 236 107.00	131 852 435.27	10 272 270.00	10 272 270.00	30 000 000	6 523 933.48	6 523 933.48
Total spending to eliminate backlogs	51 000 000.00	8 236 107.00	8 236 107.00	144 486 559.27	11 837 270.00	11 221 569.40	113 000 000	17 140 642.65	17 140 642.65
Spending on maintenance to ensure no new backlogs are created	6 000 000			7 000 000	1 196 770.00		10 000 000		
Sanitation									
Backlog to be eliminated (Households not receiving minimum Standards of service)	21 000 000	0	4723	23 329 976.95	1 565 000.00	4723	58 000 000	0	4723
Back log to be eliminated (% Households identified as backlog / total Households	N/A	N/A	22%	N/A	N/A	22%	N/A	N/A	22%
Spending on new infrastructure to eliminate backlogs.	21 000 000.00	0	0	23 329 976.95	1 565 000.00	949 299.40	58 000 000	2 065 286.69	1 369 941.39
Spending on renewal of existing infrastructure to eliminate backlog	10 000 000	1 588 300.00	18,099.00	14 449 450.00	1 200 000.00	1 200 000.00	15 000 000	851 194.06	851 194.06
Total spending to eliminate backlogs	31 000 000	1 588,300.00	18,099.00	37 779 426.95	2 765 000.00	2 765 000.00	73 000 000	2 916 480.75	2 221 135.45
Spending on maintenance to ensure no new backlogs are created	5 000 000.00	528,802.00	388,657.00	10 000 000.00	536 439.00		10 000 000		

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Service Delivery Backlogs									
Electricity									
	Required	**Budgeted**	**Actual**	**Required**	**Budgeted**	**Actual**	**Required**	**Budgeted**	**Actual**
	30 June 2010			**30 June 2011**			**30 June 2012**		
Backlog to be eliminated (Households not receiving minimum Standards of service)	0	0	0	4460	790	790			
Back log to be eliminated (% Households identified as backlog / total Households	0	0	0	25.6%	25.6%	25.6%	24.8	24.8	24.8
Spending on new infrastructure to eliminate backlogs.	21 600 000	12 000 000	12 000 000	23 500 000	5 960 000	5 960 000	24 420 722	24 420 722	13 807 848.94
Spending on renewal of existing infrastructure to eliminate backlog	850 000	475 000	0	9 000 000	3 000 000	3 000 000	11 675 000	11 675 000	11 675 000
Total spending to eliminate backlogs	21 600 000	12 000 000	12 000 000	32 500 000	8 960 000	8 960 000	35 095 722	36 095 722	24 420 721.94
Spending on maintenance to ensure no new backlogs are created	60 000 000	39 000 000	35 100 000	65 000 000	41 388 900	41 225 000	68 000 000	60 000 000	43 000 000

Service Delivery Backlogs									
Roads and Storm water									
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
	30 June 2010			30 June 2011			30 June 2012		
Backlog to be eliminated (Households not receiving minimum Standards of service)	55 806 570	6 548 542	3500	49 258 028	11 507 019.35	3000	44 000 000	6 703 611.54	5 686 691.97
Back log to be eliminated (% Households identified as backlog / total Households	N/A	N/A	14%	N/A	N/A	14%	N/A	N/A	13%
Spending on new infrastructure to eliminate backlogs.	55,806,570.00	6,548,542.00	6,548,542.00	49,258,028.00	11 507 019.35	11 507 019.35	44 000 000	6 703 611.54	5 686 691.97
Spending on renewal of existing infrastructure to eliminate backlog	70 000 000	825,951.00	1,011,225.00	70 000 000	900 000.00	700 000.00	70 000 000	0	0
Total spending to eliminate backlogs	125 806 570	7,374,493.00	7,557,267.00	119 258 028	12 407 019.35	12 207 019.35	121 000 000	6 703 611.54	5 686 691.97
Spending on maintenance to ensure no new backlogs are created	5 000 000	1,909,204.00	911,238.00	6 000 000	1 932 684.00		6 000 000		

Service Delivery Backlogs									
Refuse									
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
	30 June 2010			30 June 2011			30 June 2012		
Backlog to be eliminated (Households not receiving minimum standards of service)	3 400	0	3 805	3 805	0	3 805	3 102	0	3 102
Back log to be eliminated (% Households identified as backlog / total households	24%	24	24.5%	24.5%	24.5%	24.5%	23.9%	23.9%	23.9%
Spending on new infrastructure to eliminate backlogs.	0	0	0	0	0	0	0	0	0
Spending on renewal of existing infrastructure to eliminate backlog	0	0	0	4 800 000	1 000 000	1 240 000	5 200 000	1 300 000	1 850 000
Total spending to eliminate backlogs	-	-	-	-	-	-	-	-	-
Spending on maintenance to ensure no new backlogs are created	7 000 000	5 820 000	5 820 000	8 000 000	6 052 838	6 340 900	8 500 000	6 634 425	8 451 890

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COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

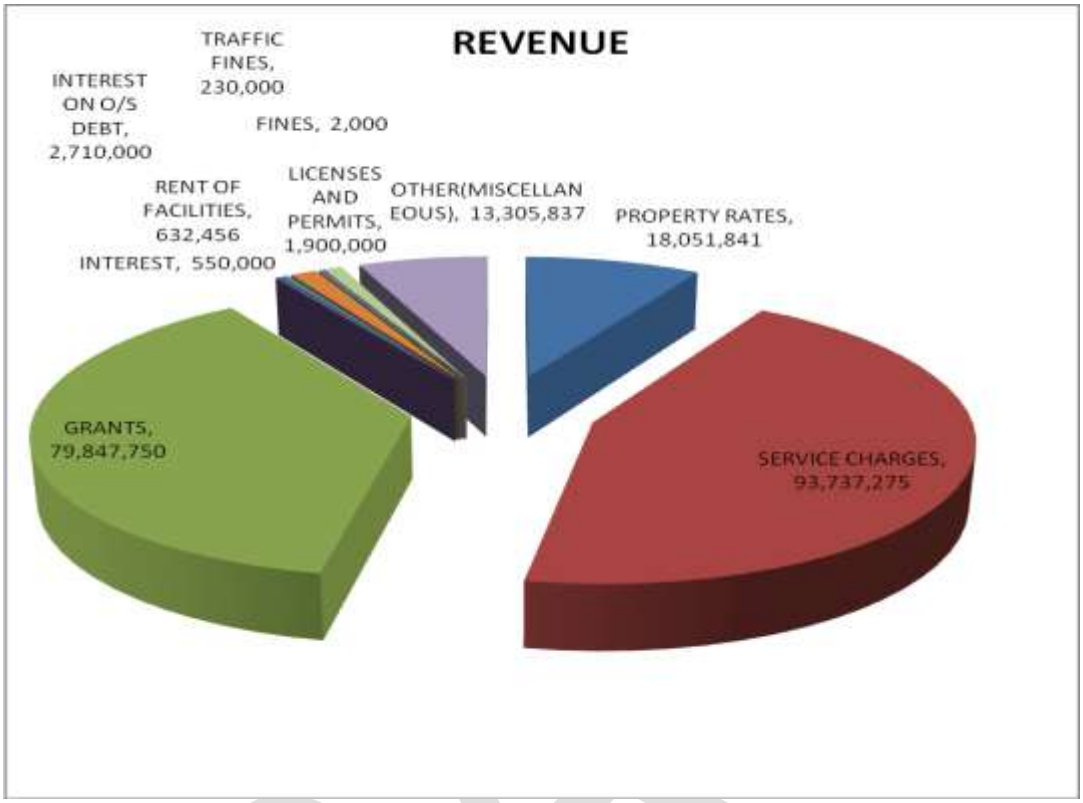
5.6 CASH FLOW

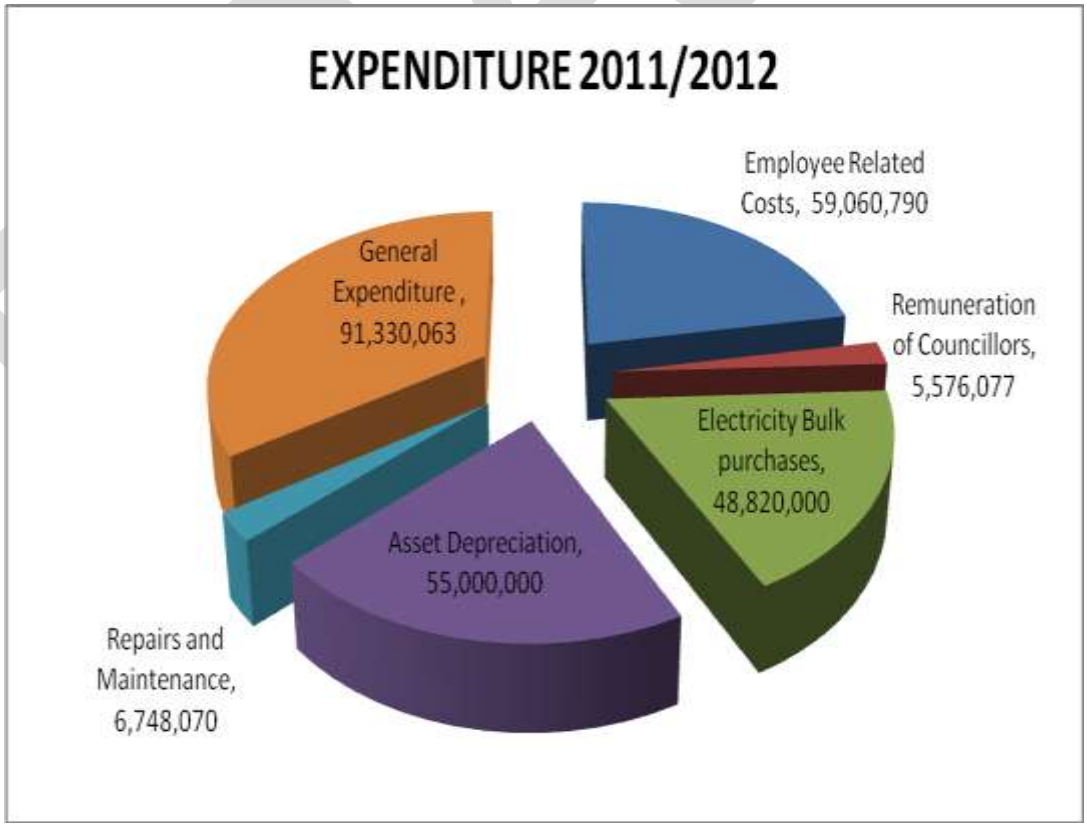
Financial Performance of Operational Services						
Description	**2010/2011**	**2011/2012**			**2011/12 Variance**	
	Actual	**Original Budget**	**Adjustments Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Operating Cost						
Water	10,001	10,478	10,478	8,937	-17.24%	-17.24%
Waste Water (Sanitation)	1,592	2,518	2,518	2,974	15.34%	15.34%
Electricity	60,725	57,705	57,705	60,764	5.03%	5.03%
Waste Management	5,165	7,914	7,914	17,170	53.91%	53.91%
Housing	1,291	1,627	1,627	1,469	-10.75%	-10.75%
Component A: sub-total	78,774	80,242	80,242	91,315	12.13%	12.13%
Waste Water (Stormwater Drainage)						
Roads	6,464	10,839	10,839	7,800	-38.96%	-38.96%
Transport						
Component B: sub-total	6,464	10,839	10,839	7,800	-38.96%	-38.96%
Planning	3,186	10,052	10,052	4,052	-148.05%	-148.05%
Local Economic Development						
Component B: sub-total	3,186	10,052	10,052	4,052	-148.05%	-148.05%
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total	–	–	–	–		
Community & Social Services	1,332	4,876	4,876	4,196	-16.19%	-16.19%
Environmental Protection						
Health						
Security and Safety	2,732	4,863	4,863	3,133	-55.20%	-55.20%
Sport and Recreation	5,539	5,190	5,190	5,024	-3.31%	-3.31%
Corporate Policy Offices and Other	5,694	6,815	6,815	6,416	-6.21%	-6.21%
Component D: sub-total	15,297	21,744	21,744	18,770	-15.84%	-15.84%
Total Expenditure	103,721	122,877	122,877	121,938	-0.77%	-0.77%

In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

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The following indicates a breakdown of the revenue categories for the year under review:

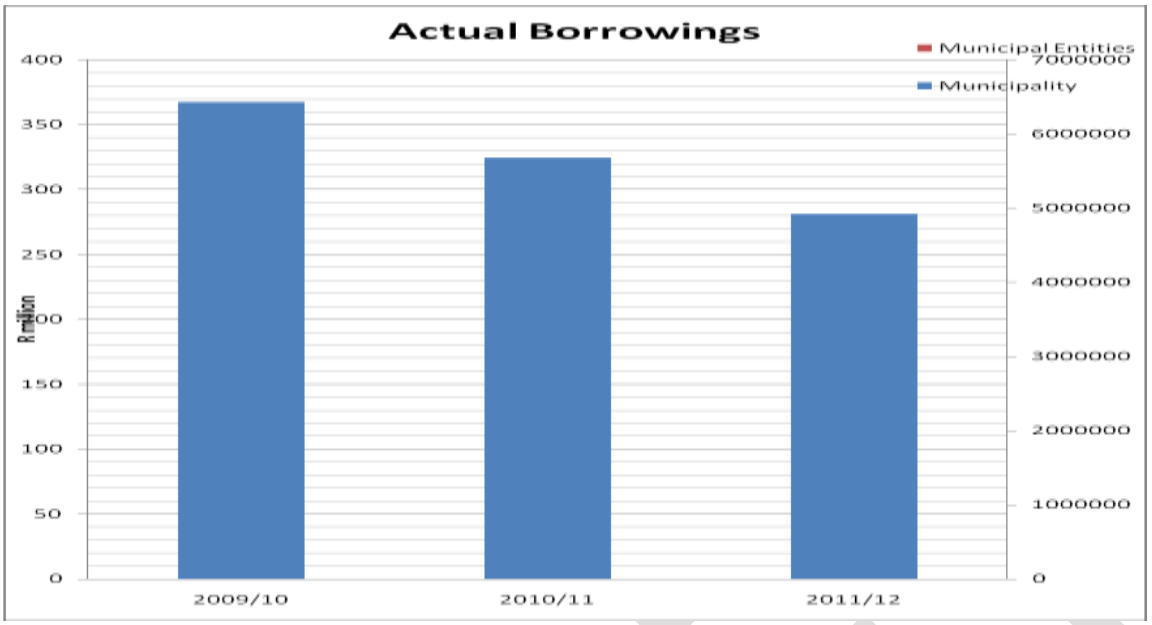




5.7 BORROWING AND INVESTMENTS

Municipal and Entity Investments			R' 000
Investment* type	2009/10	2010/11	2011/12
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	7,423	10,180	9,837
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	7,423	10,180	9,837
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	-	-	-
Consolidated total:	7,423	10,180	9,837
			T5.10.4

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COMPONENT D: OTHER FINANCIAL MATTERS

5.8 MEDIUM TERM FINANCIAL PLAN

Expenditure By Type	Full Year Forecast 2009/10	Budget Year 2010/11	Forecast 2011/12	Forecast 2012/13
Employee related costs	50 160	54 711	57 696	61 158
Remuneration of Councillors	4 085	4 270	4 955	5 451
Electricity bulk purchases	24 170	30 350	32 171	34 101
General expenditure	55 154	50 904	55 786	60 957
Total Operating Expenditure	**133 569**	**140 235**	**150 608**	**161 667**
Capital Expenditure	35 300	42 578	36 370	41 152
Total Expenditure	**168 869**	**182 813**	**186 978**	**202 819**
Depreciation and Asset impairment	40 000	50 000	53 000	56 180
Total Expenditure	**208 869**	**232 813**	**239 978**	**258 999**
Total Surplus/(Deficit)	**(11 339)**	**(30 007)**	**(42 056)**	**(44 847)**

MTREF 2011/2012 Summary

Description	Approved Budget 2010/11	Adjustment Budget 2010/11	Budget Year 2011/12	% Increase / (Decrease)	Budget Year 2012/13	Budget Year 2013/14
Operating Revenue by Source	R'000	R'000	R'000		R'000	R'000
Property rates	15 165 306	15 165 306	18 051 841	19	19 134 951	20 283 049
Electricity	58 202 224	58 202 224	62 830 540	8	66 600 372	70 596 395
Water	18 276 614	18 276 614	19 119 367	5	19 134 951	20 283 049
Sanitation	4 849 827	4 849 827	5 137 202	6	5 445 434	5 772 160
Refuse Removal	6 116 912	6 116 912	6 650 166	9	7 049 176	7 472 127
Grants	68 031 000	68 031 000	79 847 750	17	85 195 000	89 885 160
Interest & Inv Inc	501 100	501 100	550 000	10	583 000	617 980
Rent of facilities	438 549	438 549	632 456	44	1 392 840	1 475 662
Interest on O/S debt	1 550 000	1 550 000	2 710 000	75	2 872 600	3 044 956
Traffic fines	100 300	100 300	230 000	29	243 800	258 428
Fines	565	565	2 000	56	2 120	2 247
Licenses and permits	1 710 500	1 710 500	1 900 000	11	2 014 000	2 134 840
Other (Miscellaneous)	8 122 995	8 122 995	13 305 837		14 469 238	15 338 138
TOTAL OPERATING REVENUE	**183 065 892**	**183 065 892**	**210 967 159**		**224 137 482**	**237 164 191**

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Description	Approved Budget 2010/11	Adjustment Budget 2010/11	Budget Year 2011/12	% Increase / (Decrease)	Budget Year 2012/13	Budget Year 2013/14
Operating Expenditure by Type	R'000	R'000	R'000		R'000	R'000
Employee related costs	54 711	54 711	59 061	8	62 604	66 361
Remuneration of Councilors	4 270	4 270	5 576	23	5 911	6 265
Electricity bulk purchases	30 350	30 350	48 820	61	51 749	54 854
Depreciation & Impairment	50 000	50 000	55 000	10	58 300	61 798
Repair and Maintenance	7 250	9 104	6 748	(75)	7 204	7 625
General expenses	55 472	59 040	91 330	54	95 005	98 660
TOTAL OPERATING EXPENDITURE	**202 053**	**207 475**	**266 535**	**28**	**280 773**	**295 563**

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CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT a: AUDITOR-GENERAL OPINION YEAR

6.1 AUDITOR GENERAL REPORT

REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE UMJINDI LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Umjindi Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Accumulated surplus

6. A disclaimer of opinion was issued on the prior year's financial statements. I was unable to determine the extent of the effect of these limitations on the balances as at 30 June 2012.

Property, plant and equipment

7. The municipality could not provide me with sufficient appropriate audit evidence to support the assumptions made that a process had been performed to reassess the useful lives of assets and depreciate property, plant and equipment amounting to R24 581 585.

8. The municipality unbundled assets as per the requirements of GRAP 17. The municipality used the valuation roll as a basis for land and buildings. The valuation roll did not contain the latest fair values for assets, as it was prepared in prior years and did not make a distinction between land and buildings for certain properties. I could thus not rely on the amount disclosed under land and buildings to the value of R103 941 881(2011: R103 813 594), as disclosed in note 5 to the financial statements. Consequently, I was unable to determine whether any adjustment relating to land and buildings in the financial statements was necessary.

9. The municipality could not provide sufficient appropriate audit evidence to support journal entries of R129 231 080 processed to property, plant and equipment.

10. The municipality's records did not permit the application of alternative procedures. Consequently, I could not obtain sufficient appropriate audit evidence as to the valuation, existence and completeness of the closing balance of property, plant and equipment amounting to R697 873 063 (2011: R687 381 987), as disclosed in note 5 to the financial statements.

11. A disclaimer of opinion was issued on the prior year's financial statements. I was unable to determine the extent of the effect of these limitations on the balances as at 30 June 2012.

Investment property

12. The municipality unbundled assets as per the requirements of GRAP 17. The municipality used the valuation roll as a basis for valuating investment property. The valuation roll did not contain the latest fair values for assets, as it was prepared in prior years and did not make a distinction between land and buildings for certain properties. I could thus not rely on the amount disclosed under investment property to the value of R107 213 050 (2011: R119 035 000), as disclosed in note 4 to the financial statements. Consequently, I was unable to determine whether any adjustment relating to investment property in the financial statements was necessary.

13. The municipality could not provide me with sufficient appropriate audit evidence to support adjustments made to opening balances for investment property. I could not verify the validity, accuracy and completeness of the adjustment amounting to R5 105 950. I could thus not rely on the amount disclosed under investment property to the value of R107 213 050 (2011: R119 035 000), as disclosed in note 4 to the financial statements. Consequently, I was unable to determine whether any adjustment relating to investment property in the financial statements was necessary

14. The municipality could not provide sufficient appropriate audit evidence to support journal entries of R11 821 950 processed to investment property.

15. The municipality's records did not permit the application of alternative procedures. Consequently, I could not obtain sufficient appropriate audit evidence as to the valuation, existence and completeness of the closing balance of investment property amounting to R107 213 050 (2011: R119 035 000), as disclosed in note 4 to the financial statements, respectively.

16. A disclaimer of opinion was issued on the prior year's financial statements. I was unable to determine the extent of the effect of these limitations on the balances as at 30 June 2012.

Provisions

17. In terms of GRAP 19, *Provisions, Contingent Liabilities and Contingent Assets,* a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. The provision for the landfill site was not adequately determined at year-end. Management prepared an estimate four months after year-end and could not satisfactorily indicate how the timing difference between year-end and the preparation date was considered in preparing the estimate. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that provisions had been properly recorded. Therefore, I could not rely on the validity and accuracy of the landfill site rehabilitation provision amounting to R3 296 273 (2011: R2 796 273), as disclosed in note 17 to the financial statements.

Distribution losses

18. Section 125(2)(d)(i) of the MFMA states that the notes to the annual financial statements of a municipality must disclose particulars of any material losses. The municipality did not disclose distribution losses with regard to water, as the municipality had not implemented adequate control measures to reliably calculate these losses. I was unable to determine the total extent of the understatement of distribution losses, as sufficient appropriate audit evidence could not be obtained. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that material losses had been properly recorded.

Aggregation of immaterial uncorrected misstatements

19. The financial statements as a whole were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial position, the statement of financial performance and the notes to the financial statements:

 - Revenue reflected as R221 390 289 is understated by R1 303 664.
 - Expenditure reflected as R150 652 421 is understated by R3 581 158.
 - Employee cost reflected as R56 569 772 is understated by R840 103.
 - Finance costs reflected as R875 370 are understated by R110 934.
 - Consumer debtors reflected as R33 026 742 are understated by R447 843.
 - Finance leases reflected as R302 740 are overstated by R263 452.
 - Property, plant and equipment reflected as R697 837 063 is overstated by R339 305.
 - Trade and other payables reflected as R31 602 399 are overstated by R2 044 730.
 - The accumulated surplus reflected as R775 529 120 is understated by R479 745.

Qualified opinion

20. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Umjindi Local Municipality as at 30 June 2012 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Additional matter

21. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

22. The supplementary information set out on pages 58 to 63 and 66 to 67 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

23. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

24. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages xx to xx of the annual report.

25. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities or objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

26. The reliability of the information in respect of the selected development priorities is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

27. The material findings are as follows:

Usefulness of information

Presentation

28. Improvement measures were not disclosed in the annual performance report for any of the planned targets not achieved, as required by section 46 of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

Consistency

29. Section 41(c) of the MSA requires that the annual performance plan should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 76% of the reported indicators were not consistent with the indicators as per the approved annual performance plan. This was due to a lack of management planning and review.

Measurability

30. The FMPPI requires that the time period or deadline for delivery should be specified. A total of 96% of the targets relevant to the develop sustainable infrastructure for service delivery for water, sanitation, roads and storm water, electricity and social amenities as well as promote sustainable social development programmes were not time bound in specifying a time period or deadline for delivery. This was due to the fact that management was aware of the requirements of the FMPPI but had not received the necessary training to enable application of the principles.

Reliability of information

Validity

31. The FMPPI requires that processes and systems that produce the indicator should be verifiable. A total of 43% of the actual reported performance relevant to the selected development priority differed materially when compared to the source information or evidence provided. This was due to a lack of monitoring and review of the recording of actual achievements by senior management.

Accuracy

32. The FMPPI requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 43% of the actual reported indicators relevant to the develop sustainable infrastructure for service delivery and strengthen the delivery of basic services programmes were not accurate when compared to the source information. This was due to a lack of monitoring and review of the recording of actual achievements by senior management.

Completeness

33. The FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information should be properly maintained. I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the completeness of the actual reported performance relevant to 36% of the develop sustainable infrastructure for service delivery and strengthen the delivery of basic services programmes. This was due to limitations placed on the scope of my work by the absence of information systems. The municipality's records did not permit the application of alternative audit procedures.

34. The FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information should be properly maintained. The municipality could not provide sufficient appropriate evidence to support any of the selected development objectives.

Additional matter

35. I draw attention to the matter below. This matter does not have an impact on the audit findings on predetermined objectives reported above.

Achievement of planned targets

36. Of the 380 planned targets, only 53 were achieved during the year under review. This means that 86% of the total planned targets were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

Compliance with laws and regulations

37. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Annual financial statements, performance report and annual report

38. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets and provisions identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided. However, the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

39. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.
40. The accounting officer did not take effective steps to prevent irregular as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Asset and liability management

41. An adequate management, accounting and information system was not in place to account for assets, as required by section 63(2)(a) of the MFMA.

Procurement and contract management

42. In contravention of section 12(3) of the SCM policy, the municipality deliberately split orders for goods and services to avoid the requirement of competitive bidding. Deviations were not approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).

43. Invitations for competitive bidding were not always advertised for the required minimum period, as required by SCM Regulation 22(1) and (2).

44. The performance of contractors and providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

45. A list of accredited prospective providers was not in place for procuring goods and services through quotations, as required by SCM Regulation 14(1)(a).

46. The prospective providers' list for procuring goods and services through quotations was not updated at least quarterly to include new suppliers that qualify for listing, and prospective providers were not invited to apply for such listing at least once a year, as per the requirements of SCM Regulation 14(1)(a)(ii) and (2).

47. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).

Revenue management

48. An adequate management, accounting and information system was not in place to recognise revenue when it was earned, as required by section 64(2)(e) of the MFMA.

Internal control

49. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the qualified of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

50. Management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

51. The municipality did not adequately review the financial statements and the annual performance report prior to their submission for auditing and thus significant matters that required the adjustment of the financial statements were not identified and corrected.

52. The municipality did not have documented and approved internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting performance information.

53. The municipality did not implement and action plan to address the findings on performance information.

Financial and performance management

54. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.

55. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.

56. Management did not perform adequate reconciliation for property, plant and equipment as evidenced by misstatements.

57. The financial statements contained misstatements. This was mainly due to lack of adequate reviews by management.

58. Non-compliance with laws and regulations relating to supply chain management and MFMA could have been prevented had compliance been properly reviewed and monitored.

Governance

59. Management did not ensure that there was an adequately resourced and functioning internal audit unit that identified internal control deficiencies and recommended corrective action effectively.

AUDITOR-GENERAL

Nelspruit

14 December 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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APPENDICES

1. **Appendix A:**

 Councilors; Committee Allocation and Council Attendance

2. **Appendix B:**

 Committee and Committee Purpose

3. **Appendix C**

 Third Tier Administrative structure

4. **Appendix D:**

 Functions of Municipality/Entity

5. **Appendix E:**

 Ward Reporting

6. **Appendix F:**

 Ward Information

7. **Appendix G:**

 Recommendations of the Municipal Audit Committee

8. **Appendix I:**

 Municipal Entity/Service Provider Performance Schedule

9. **Appendix J:**

 Disclosure of Financial Interest

10. **Appendix K (ii):**

 Revenue Collection Performance by Source

11. **Appendix L:**

 Conditional Grants Received: Excluding MIG

12. **Volume II:** -Annual Financial Statements

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